

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Promoting Broadcast Internet Innovation)	MB Docket No. 20-145
through ATSC 3.0)	

REPORT AND ORDER

Adopted: December 10, 2020

Released: December 10, 2020

By the Commission: Chairman Pai and Commissioner Carr issuing separate statements. Commissioners Rosenworcel and Starks concurring and issuing separate statements.

I. INTRODUCTION

1. Earlier this year, the Commission initiated a proceeding to encourage the provision of new and innovative Broadcast Internet services enabled by ATSC 3.0 — the “Next Generation” broadcast television standard often referred to as Next Gen TV — that can complement the nation’s 5G wireless networks.¹ In so doing, the Commission sought to eliminate uncertainty cast on such services by legacy regulations and to consider whether, and if so how, to update the Commission’s rules regarding ancillary and supplementary services, adopted over 20 years ago.² With this item, we take additional steps to clarify and update the regulatory landscape in order to foster the efficient and robust use of broadcast spectrum capacity for the provision of Broadcast Internet services consistent with statutory directives.

2. In this Report and Order (Order), we adopt, with only minor changes, four of the tentative conclusions set forth in the *NPRM*. Specifically, we clarify the basis on which to calculate ancillary and supplementary service fees.³ We retain the existing standard of derogation of broadcast service. We also, however, amend the derogation rule to eliminate an outdated reference to analog television. We reaffirm the freedom of noncommercial educational television stations (NCEs) to provide ancillary and supplementary services. And, while we generally decline at this time to adjust the fee imposed on ancillary and supplementary services, we intend to revisit this issue at a future date to determine whether we should adjust the fee or the basis of the fee once the market for Broadcast Internet services develops.

3. Recognizing the unique educational public service mission of NCEs seeking to provide Broadcast Internet services, we also adopt a number of additional proposals designed to preserve and expand this essential mission. Notably, we find that an NCE television broadcast station may use its 6 MHz channel capacity primarily not only for its free, over-the-air nonprofit, noncommercial, educational, television broadcast service, as under our current interpretation of the rule, but also for any nonprofit, noncommercial, educational (“primary”) ancillary and supplementary services. We also adopt a reduced

¹ *Promoting Broadcast Internet Innovation through ATSC 3.0*, MB Docket No. 20-145, Declaratory Ruling and Notice of Proposed Rulemaking, 35 FCC Rcd 5916 (2020) (*Declaratory Ruling* and *NPRM*); *see also* Consumer Technology Association (CTA) Comments at 3 (explaining that ATSC 3.0-compatible devices will be marketed as “NEXTGEN TV,” and urging the Commission to adopt this nomenclature to avoid consumer confusion). The Commission referred to these new ancillary offerings over broadcast spectrum as “Broadcast Internet” services to distinguish them from traditional over-the-air video services. *See Declaratory Ruling*, 35 FCC Rcd at 5917, para. 3. We note that the rule changes we adopt herein will apply equally to all ancillary and supplementary services provided using either the ATSC 1.0 or 3.0 transmission standards.

² *NPRM*, 35 FCC Rcd at 5926, para. 18.

³ *But see infra* para. 14 (declining to adopt the *NPRM*’s tentative conclusion regarding in-kind contributions).

fee of 2.5% on gross revenue generated by such “primary” ancillary and supplementary services, as opposed to the 5% fee applied to ancillary and supplementary services generally. With these actions, this Order continues to lay the groundwork for broadcasters, and thereby the general public, to explore and benefit from the possibilities and opportunities that Broadcast Internet provides.

II. BACKGROUND

4. As the Commission explained in the *NPRM*, the ATSC 3.0 IP-based standard offers greater effective spectral capacity than ATSC 1.0, the current digital broadcast television standard.⁴ The additional capacity will allow broadcasters to expand their traditional television offerings, including by offering higher quality video and audio and a wider range of programming choices. Broadcasters may also provide innovative non-traditional services, and the *NPRM* asked about the “types of Broadcast Internet services that are likely to be provided in the future.”⁵ Commenters describe a wide array of exciting possibilities. APTS/PBS explain that NCEs might expand and roll out offerings in “a variety of areas that further their public service missions, especially education, child development, public safety, national security, job training, and telehealth.”⁶ PMG describes a wide range of possible uses, including: (i) distance learning services, such as distributing subject- and classroom-specific lectures and reading materials to students, and broadcasting content to school buses during long rural commutes to make that time more enriching for students; (ii) trusted, encrypted, and curated distribution of health-related content to those unserved and underserved by high-speed Internet; (iii) emergency alerting services that allow more homes, vehicles, and first responders to gain access to life-saving information; (iv) expanded distribution of local and hyper-local news to audiences across a community; and (iv) software and cybersecurity updates to power smart cities, automobiles, and “Internet of Things” (IoT) products and applications.⁷ ONE Media explains that

[i]n addition to enhanced broadcast programming, the ATSC 3.0 standard enables use of television spectrum to communicate with devices over wide areas efficiently, expanding opportunities for distance learning, advanced emergency alerting and information functions, highly secure file delivery and authentication, offloading large data files (including video) needed by carriers to cache programming directly on user devices, dramatically improving efficient distribution of data to autonomous driving vehicles, facilitating near-instantaneous needs for IoT devices and telemedicine or smart agriculture activities, and other innovative services yet to be conceived.⁸

5. In June 2020, the Commission commenced this proceeding to ensure that our rules will help foster the development of innovative and efficient uses of broadcast spectrum like the ones described above. In the *Declaratory Ruling*, the Commission clarified that the lease of excess broadcast television spectrum to a third party, including another broadcaster, for the provision of ancillary and supplementary services does not result in attribution under our broadcast television station ownership rules or for any other requirements related to television station attribution (e.g., filing ownership reports).⁹ The Commission explained that regulatory clarity will help ensure that broadcasters and other innovators have the flexibility to generate the scale—both locally and nationally—that may be necessary to support certain

⁴ *Id.* at 5921, para. 12.

⁵ *Id.* at 5926, para. 19.

⁶ America’s Public Television Stations and the Public Broadcasting Service (APTS/PBS) Comments at 3 and Attachment 1.

⁷ Public Media Group (PMG) Comments at 2.

⁸ ONE Media 3.0, LLC (ONE Media) Comments at 2; *see also* ARK Multicasting, Inc. (ARK) Comments at 4-8 (observing that broadcasting is ideal for downloading large files).

⁹ *NPRM*, 35 FCC Rcd at 5924, para. 15.

Broadcast Internet services, and that regulatory reform can ensure that market forces, rather than outdated rules, determine the success of the nascent Broadcast Internet industry.¹⁰ In the accompanying *NPRM*, the Commission sought comment on any rule changes needed to further promote regulatory certainty and greater investment in innovative Broadcast Internet services.¹¹

6. Specifically, the *NPRM* sought comment on a number of general matters concerning the potential uses and applications of excess broadcast spectrum capacity resulting from the transition to ATSC 3.0; on whether the amount and method of calculating the ancillary and supplementary services fee should be reconsidered given the new potential uses of excess spectrum capacity; and on whether the Commission should clarify or modify the rules prohibiting derogation of broadcast service and defining an analogous service.¹² The *NPRM* elicited 17 comments, 12 replies, and numerous ex parte filings from commenters representing companies and industry groups from the broadcast, cable, wireless, and consumer electronics industries, as well as non-profit groups and groups hoping to explore new Broadcast Internet opportunities. Commenters are largely supportive of the Commission's tentative conclusions, although as discussed below there is notable opposition to the proposal to exclude third party facility improvements from revenue calculations, a proposal we decline to adopt today.¹³ There is also disagreement regarding the proposal to clarify the derogation standard, both from parties who support a significant change and parties who oppose any change at all to the existing text.¹⁴ The record also reflects widespread skepticism about any Commission action that would go beyond the tentative conclusions, with two notable exceptions. First, NCEs and associated parties make a compelling case that substantial public benefits could accrue through the widespread deployment of Broadcast Internet over public television spectrum, justifying additional steps to encourage that deployment.¹⁵ Second, a large number of low power television (LPTV) station representatives and interested parties propose changes to the rules governing LPTV service, though the proposals are largely unrelated to Broadcast Internet services.¹⁶

III. DISCUSSION

A. Ancillary and Supplementary Service Fee

7. With one exception, discussed below,¹⁷ we decline at this time to adjust the fee program associated with ancillary and supplementary services. Rather, we will revisit the size and basis of the fee, as well as other relevant issues, when we have a better understanding of how the transition to ATSC 3.0 is progressing. We do, however, adopt our tentative conclusion that fees should be calculated based on the gross revenue received by the broadcaster rather than revenue received by a spectrum lessee. Finally, we decline at this time to adopt the proposal made by Public Knowledge et al. that we use the fees we collect for ancillary and supplementary services to fund a program to offset costs for consumers who upgrade their equipment as part of the transition to ATSC 3.0, and we decline at this time to exempt from the

¹⁰ *Id.* at 5917, para. 3.

¹¹ *Id.* at 5926-34, paras. 18-37.

¹² *See id.*

¹³ *Infra* Section III.A.2.

¹⁴ *Infra* Sections III.C.1.

¹⁵ *Infra* Section III.B.

¹⁶ *Infra* Section III.D.1

¹⁷ As discussed in Section III.B.2, *infra*, with respect to NCE television stations, we will reduce to 2.5% the fee charged on revenues generated by ancillary and supplementary services that are nonprofit, noncommercial, and educational (i.e., "primary" NCE ancillary and supplementary services). We also take a number of additional actions to support NCE provision of Broadcast Internet.

ancillary and supplementary service fee “in-kind” contributions, or otherwise change our fee for ancillary and supplementary services that fall into certain classes of service.¹⁸

8. The Telecommunications Act of 1996 (1996 Act) requires broadcasters to pay a fee to the United States Treasury to the extent they use their digital television (DTV) spectrum to provide ancillary and supplementary services “(A) for which the payment of a subscription fee is required in order to receive such services, or (B) for which the licensee directly or indirectly receives compensation from a third party in return for transmitting material furnished by such a third party (other than commercial advertisements used to support broadcasting for which a subscription fee is not required).”¹⁹ The 1996 Act further provides that the ancillary and supplementary services fee program “shall (A) be designed (i) to recover for the public a portion of the value of the public spectrum resource made available for such commercial use, and (ii) to avoid unjust enrichment through the method employed to permit such uses of that resource” and “(B) recover for the public an amount that, to the extent feasible, equals but does not exceed (over the term of the license) the amount that would have been recovered had such services been licensed” at auction.²⁰ In addition, the Commission is required by statute to adjust the ancillary and supplementary services fee “from time to time” in order to ensure that these requirements continue to be met.²¹

9. As a preliminary matter, we reaffirm that section 336 of the 1996 Act gives the Commission flexibility to determine the appropriate fee for ancillary and supplementary services within the parameters set forth in the statute. Section 336 directs the Commission to “establish a program to assess and collect ... an annual fee or other schedule or method of payment that promotes the objectives” described by the statute.²² Specifically, the statute requires that the fee program be designed to recover for the public some portion of the value of the spectrum, prevent the unjust enrichment of broadcasters providing ancillary and supplementary services, and approximate the revenues that would have been received had the spectrum on which the services are provided been licensed through an auction.²³ As the Commission has observed, “the 1996 Act gives the Commission broad discretion in setting the amount of the fee for ancillary and supplementary services,” bounded by the criteria set forth in section 336(e).²⁴ Commenters who addressed this issue agree with this analysis.²⁵

¹⁸ *NPRM*, 35 FCC Rcd at 5930, para. 29 (asking whether the Commission should “consider granting exemptions for certain classes of service from fees, such as telehealth, distance learning, public safety, or homeland security-related services, or services that promote access in rural areas”).

¹⁹ Section 201 of the 1996 Act, Pub. L. No. 104-104, 110 Stat. 56, 108-09 (1996), *codified at* 47 U.S.C. § 336(e)(1).

²⁰ 47 U.S.C. § 336(e)(2)(A)-(B); *see also Fees for Ancillary or Supplementary Use of Digital Television Spectrum Pursuant to Section 336(e)(1) of the Telecommunications Act of 1996*, MM Docket No. 97-247, Report and Order, 14 FCC Rcd 3259, 3267, para. 20 (1998) (*Ancillary Fees R&O*); *Fees for Ancillary or Supplementary Use of Digital Television Spectrum Pursuant to Section 336(e)(1) of the Telecommunications Act of 1996*, MM Docket No. 97-247, Memorandum Opinion and Order, 14 FCC Rcd 19931, 19932, para. 4 (1999) (*Ancillary Fees MO&O*).

²¹ 47 U.S.C. § 336(e)(2)(C); *see also Ancillary Fees R&O*, 14 FCC Rcd at 3274-75, para. 51.

²² 47 U.S.C. § 336(e)(1).

²³ *Id.* § 336(e)(2).

²⁴ *Ancillary Fees MO&O*, 14 FCC Rcd at 19938, para. 16; *see also Ancillary Fees R&O*, 14 FCC Rcd at 3267-68, para. 22 (“The 1996 Act gives the Commission broad discretion in setting the amount of the fee for ancillary and supplementary services, relying upon the predictive judgment of the agency in that regard,” and in the absence of any “obvious or commonly accepted formula for setting a fee” that meets the criteria set forth in the statute, the Commission “must use its best judgment in balancing the relevant goals.”).

²⁵ One Media Comments at 1 (“Congress gave the Commission discretion to determine how to implement an ancillary and supplementary services fee program” and “Section 336 gives the Commission flexibility to establish ‘an annual fee or other schedule or method of payment’ to promote Section 336’s objectives.”); Spectrum Co., LLC (BitPath) Reply at 9 (noting that the “very general requirements [of section 336(e)(2)] leave much room for

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1. Fee for Commercial Television Broadcast Stations

10. We conclude that we do not have sufficient information at this early stage in the ATSC 3.0 transition to evaluate fully whether a change to, much less elimination of, the current fee for feeable ancillary and supplementary services offered by commercial television stations would better reflect the directives of section 336(e). Accordingly, we retain the current fee of 5% for such stations and intend to reevaluate the fee once the marketplace for Broadcast Internet services has become more mature.²⁶

11. As the Commission previously has recognized, in considering how to calculate the appropriate ancillary and supplementary fee, we must balance potentially competing statutory goals: recover a portion of the value of the spectrum used for ancillary and supplementary services, avoid unjust enrichment, and approximate the revenue that would have been received had these services been licensed through an auction.²⁷ A fee that is too high could dissuade broadcasters from providing Broadcast Internet services and thereby reduce the potential benefits to consumers of such services and preclude the Commission from collecting fees approximating the amount that would have been recovered for the spectrum at auction. On the other hand, a fee that is too low may both fail to prevent the unjust enrichment of licensees and to recover for the public an amount approximating the amount that would have been recovered at auction.

12. In considering these statutory mandates, we conclude that it would be premature at this time to adjust the ancillary and supplementary service fee without knowing more about the kinds of Broadcast Internet services that will be provided and the economics thereof. The conversion to ATSC 3.0 is entirely voluntary, and commercial service has only recently commenced in a few television markets.²⁸ We cannot yet gauge the extent to which ATSC 3.0 will be deployed and adopted by consumers or which ATSC 3.0-based services and features will be offered as feeable Broadcast Internet services. Indeed, the Commission recently reached a similar conclusion when it first authorized the voluntary transmission to ATSC 3.0.²⁹ Accordingly, we reject commenters' suggestions that we reconsider the current 5% fee on broadcast commercial stations, at this time.³⁰ Instead, consistent with recommendations in the record, we

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discretion"). While Public Knowledge et al. argue that the Commission cannot waive its requirement to collect a fee from broadcasters for ancillary and supplementary services, it agrees that section 336(e)(2) grants the Commission "some flexibility" in determining the rate of the fee. Public Knowledge, Consumer Reports, and the Open Technology Institute at New America (Public Knowledge et al.) Reply at 6-7.

²⁶ *Ancillary Fees R&O*, 14 FCC Rcd at 3264, 3267, paras. 13, 20 (determining that a fee set at 5% of the gross revenues generated by feeable ancillary and supplementary services best satisfies the statutory directives and incentivizes innovation to maximize spectral efficiency).

²⁷ *Ancillary Fees R&O*, 14 FCC Rcd at 3267, para. 21; 47 U.S.C. § 336(e)(2).

²⁸ *NPRM*, 35 FCC Rcd at 5930, para. 29. Stations are currently licensed to operate in ATSC 3.0 in the following markets: Phoenix, Salt Lake City, Las Vegas, Portland, Pittsburgh, Nashville, Dallas, Boise, Orlando, Los Angeles, Denver, and Santa Barbara, with additional markets expected to commence operations in 2020 and 2021. Commercial service has begun on a limited basis in some of these markets. See <https://www.atsc.org/nextgen-tv/deployments/>.

²⁹ *Authorizing Permissive Use of the "Next Generation" Broadcast Television Standard*, GN Docket No. 16-142, Report and Order and Further Notice of Proposed Rulemaking, 32 FCC Rcd 9930, 9977, para. 92 (2017) (*Next Gen TV Report and Order*).

³⁰ For example, some commenters suggest that the Commission set the fee at 1.5% or at zero. See Edge Spectrum, Inc. (Edge Spectrum) Comments at 20 (supporting a fee of 1.5% for all stations to provide an incentive to broadcasters to explore opportunities to deploy ATSC 3.0); One Media Comments at 7 (contending that the Commission should delay imposition of a fee on new ancillary and supplementary services for five years after the launch of any service). In its comments, ARK Multicasting, Inc. (ARK) supports a 1.5% fee for all broadcasters during the early phases of ATSC 3.0. ARK Comments at 2. In reply comments, however, filed jointly with 19 other individuals and corporations, ARK et al. maintain instead that the Commission should set the fee at zero and reexamine annually whether a higher fee is warranted. ARK et al. Reply at 8. For the same reasons that we decline (continued....)

believe it would be better to revisit the ancillary and supplementary service fee when the ATSC 3.0 marketplace has further developed.³¹

2. Calculation of Gross Revenue

13. We adopt our tentative conclusion that fees should be calculated based on the gross revenue received by the broadcaster rather than revenue received by a spectrum lessee.³² As the Commission stated in the *NPRM*, to hold otherwise could subject a broadcaster to a fee payment in excess of the gross revenue it actually receives.³³ All commenters who addressed this issue agree with this approach regarding the calculation of gross revenue.³⁴ As proposed in the *NPRM*, we also conclude that to the extent the licensee and the lessee are affiliated, we will attribute the gross revenue of the lessee to the licensee for purposes of calculating the ancillary and supplementary services fee, based on a share of gross revenue that is proportional to the licensee's stake in the lessee. Otherwise, as the Commission noted in the *NPRM*, the licensee (or its parent company) could create a subsidiary for the sole purpose of evading the fee while retaining all of the financial benefit of the arrangement.³⁵

14. We decline at this time to take up the issue of whether to exclude from gross revenue the value of "in-kind" facility improvements. Although the Commission tentatively concluded in the *NPRM* that the value of such improvements should be excluded from the gross revenue calculation,³⁶ the record on this issue was limited and the comments were mixed.³⁷ We will continue to monitor the progress of

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to change the fee program for commercial stations, we also decline to adopt BitPath's "offsetting" proposal. *See* BitPath Comments at 12 ("To the extent that the Commission retains the 5% gross revenue fee, it should allow licensees to offset 100% of capital and development costs against revenues.").

³¹ *See, e.g.*, PMG Comments at 7 (contending that it is too soon to know how the ATSC 3.0 marketplace will develop, and thus now is not the appropriate time for the Commission to develop a revised fee structure for ATSC 3.0 services. Also arguing that "[t]o the maximum extent possible, the Commission should rely on free market economic principles that will encourage development of a robust array of innovative, new services for the television broadcast spectrum in a manner best suited to the needs of consumers."); *see also* American Television Alliance (ATVA) Comments at 4 (stating that the Commission should "engage in an economic analysis to help it consider the relevant statutory criteria"); NCTA Comments at 4 ("FCC should adhere to the statutory criteria in any reevaluation of the ancillary service fee, including by conducting an economic study of the auction value of the relevant spectrum"); Public Knowledge et al. Reply at 13-14 (noting that they support the proposals from NCTA and ATVA); CTIA – The Wireless Association (CTIA) Reply at 3 (stating that "the Commission should take this opportunity to revisit, in accordance with statutory requirements, its ancillary and supplementary services rules to ensure those fees are set to ensure regulatory parity and reflect broadcasters' evolving business ambitions" and "any reevaluation of the annual fee must be based on the statutory requirements, including an economic study of the auction value of the relevant spectrum").

³² *NPRM*, 35 FCC Rcd at 5930, para. 29. The Commission invited comment in the *NPRM* on how the fee should be calculated in instances where a broadcaster receives compensation from an unaffiliated third party, such as a spectrum lessee, in return for the airing of material provided by the third party. *Id.* For example, the broadcaster could lease spectrum to a third party for a set fee or could agree to share in the proceeds generated by the service offered by the third party. *Id.*

³³ *Id.* The ancillary and supplementary service fee is currently based on the licensee's gross revenue generated by feeable ancillary and supplementary services. 47 CFR § 73.624(g).

³⁴ One Media Comments at 8; Pearl TV (Pearl) Comments at 5.

³⁵ *NPRM*, 35 FCC Rcd at 5930, para. 29.

³⁶ *Id.*

³⁷ Pearl Comments at 5; One Media Comments at 8 (supporting exclusion of in-kind contributions); NCTA Comments at 5; Public Knowledge et al. Reply at 11, 13; Letter from Rick Chesson, Chief Legal Officer and Senior Vice President, Legal and Regulatory Affairs, NCTA to Marlene H. Dortch, Secretary, FCC, MB Docket No. 20-145 (filed Dec. 2, 2020) (opposing exclusion of in-kind contributions).

the transition to ATSC 3.0, the provision of Broadcast Internet services, and the status of “in-kind” facility improvements in the marketplace, and may address this issue in the future if warranted.³⁸

3. ATSC 3.0 Consumer Equipment

15. We decline at this time to adopt the proposal made by Public Knowledge et al. that we use the fees collected from ancillary and supplementary services to fund a program offsetting costs for consumers who upgrade their consumer premises equipment as part of the ATSC 3.0 transition.³⁹ These commenters note that ATSC 3.0 is not compatible with current television devices and contend that, because consumers will have to replace their television sets or purchase converter devices to receive ATSC 3.0 signals, the transition to ATSC 3.0 “will create high consumer costs, similar to those faced by consumers during the DTV transition.”⁴⁰ Thus, they maintain we should act now, to develop a program to offset ATSC 3.0 transition costs for consumers. We note that the transition to ATSC 3.0 is voluntary and still in its early stages; therefore, we find it is premature to consider such a program at this time.⁴¹

4. Classes of Ancillary and Supplementary Services

16. We decline to grant fee exemptions for certain classes of Broadband Internet service, such as telehealth, distance learning, public safety, or homeland security-related services, or for services that promote Internet access in rural areas.⁴² Although, according to the record, such services are currently beginning to be provided by, or are in development by, NCE stations,⁴³ we believe it is premature to take any such action given the nascent state of the market for these ATSC 3.0 services. As

³⁸ One commenter raised the concern that state government funding of NCE construction costs could be subject to fees. PMG Comments at 8. It is not apparent that such funding would constitute feeable revenue. 47 U.S.C. § 336(e)(1).

³⁹ Public Knowledge et al. Comments at 7-13; *see also* Didja, Inc. (Didja) Reply at 7 (asserting that the Commission should prioritize the use of fees to assist the public to access 3.0 signals, help local stations, and encourage more local channels). NAB, One Media, BitPath, and ARK disagree that fees should be used to subsidize consumer ATSC 3.0 equipment. National Association of Broadcasters (NAB) Reply at 2, 6-7; One Media Reply at 3; BitPath Reply at 11-12; ARK Reply at 7-8.

⁴⁰ Public Knowledge et al. Comments at 7. These commenters further argue that “[o]ff-setting these costs is an essential component to promoting the innovation promised by the ATSC 3.0 standard. After all, consumers need actual access to the new services promised by ATSC 3.0 in order to benefit from their existence.” *Id.*

⁴¹ *See* NAB Reply at 6 (urging the Commission “not to further explore this proposal that would tax broadcasters based on services that do not yet exist to subsidize the purchase of consumer equipment that is not yet necessary”); *see also* Letter from Greg Guice, Director of Government Affairs and Kathleen Burke, Policy Counsel, Public Knowledge, and Rick Kaplan, General Counsel and Executive Vice President, Legal and Regulatory Affairs, NAB to Marlene H. Dortch, Secretary, FCC, MB Docket No. 20-145 (filed Dec. 4, 2020) (Public Knowledge 12/4 Ex Parte) and Letter from Patrick McFadden, Deputy General Counsel, NAB to Marlene H. Dortch, Secretary, FCC, MB Docket No. 20-145 (filed Dec. 4, 2020) (urging the Commission to refrain from judgment on the legality of the consumer offset program proposed by Public Knowledge, et al.). We also note that the DTV transition equipment subsidy program was explicitly mandated by Congress. Digital Television Transition and Public Safety Act of 2005, Pub. L. No. 110-459, § 3005.

⁴² *NPRM*, 35 FCC Rcd at 5929-30, para. 28; PMG Comments at 7 (supporting fee exemptions for any broadcaster delivering Broadcast Internet services and applications that provide a broad public interest benefit, such as distance learning, telehealth, public safety, etc.); *see also* Public Media Venture Group (PMVG) Comments at 3 (supporting exempting public television stations from fees for services that are non-commercial in nature of otherwise advance the public interest).

⁴³ PMG Comments at 7; *see also* APTS/PBS Comments at 6-7 and Attachment 1 (describing the datacasting services currently being offered by, and services in development by, public television stations). Letter from Lonna Thompson, Executive Vice President, Chief Operating Officer, and General Counsel, APTS to Marlene H. Dortch, Secretary, FCC, MB Docket No. 20-145 (filed Dec. 1, 2020).

discussed further below, we take action in this Order to encourage the development of “primary” NCE ancillary and supplementary services (those used for nonprofit, noncommercial, educational purposes), by reducing the fee associated with such services.⁴⁴ At the same time, we conclude that we do not have a sufficient basis at this time to support changing our fee approach for any other type of ancillary and supplementary service that are not considered “primary.” Among other things, we lack information regarding how such services are likely to be provided, whether they will be revenue generating, whether there will be sufficient demand to support the provision of such services, or whether our current fee for ancillary and supplementary services will dissuade broadcasters from offering such services. For similar reasons, we also decline at this time to exempt from fees, or adopt a lower fee for, services that promote Internet access in rural areas.⁴⁵ We will continue to monitor the transition to ATSC 3.0, including the provision of Broadcast Internet services such as telehealth, public safety, and homeland security-related services, as well as services that provide Internet access in rural areas, and may reconsider this issue in the future.

B. NCE Television Stations

17. NCE television stations play an important role in providing nonprofit, noncommercial, and education services to communities nationwide, and the Commission is committed to supporting their enthusiastic embrace of the possibilities that Next Gen TV provides.⁴⁶ Accordingly, we adopt, in part, the commenter proposal to reinterpret section 73.621 of our rules, which will allow NCEs to provide a wider range of services that align with their core mission. While, as discussed above,⁴⁷ we generally decline to adjust the fee associated with ancillary and supplementary services, to the extent that NCE television stations offer feeable ancillary and supplementary services that are nonprofit, noncommercial, and educational, we adopt a reduced fee based on 2.5% of gross revenues generated by such “primary” ancillary and supplementary services. We also clarify that when an NCE television station provides “donor exclusive” ancillary and supplementary services that are nominal in value in return for contributions to the licensee, we will not treat such contributions as “subscription fees” under section 336 of the 1996 Act or section 73.621 of our rules.

1. NCE Ancillary and Supplementary Services

18. We conclude that an NCE television licensee may provide Broadcast Internet services, provided that the substantial majority of its 6 MHz channel capacity is dedicated to a combination of free, over-the-air nonprofit, noncommercial, educational, television broadcast service and any nonprofit, noncommercial, educational (or “primary”) ancillary and supplementary services it chooses to provide.⁴⁸

⁴⁴ *Infra* Section III.B.2.

⁴⁵ *NPRM*, 35 FCC Rcd at 5929-30, para. 28.

⁴⁶ *See generally* APTS/PBS Comments.

⁴⁷ *Supra* Section III.A.

⁴⁸ 47 CFR § 73.621(a), (e), (j). An NCE television licensee may provide ancillary and supplementary services that are *not* nonprofit, noncommercial, and educational—including commercial services—on the licensee’s excess (i.e., non-primary) capacity. Such services will be subject to the standard fee of 5% of gross revenues. We note that an NCE licensee, like all other television broadcasters, must broadcast at least one free over-the-air video programming stream, and its ancillary and supplementary services must not derogate this service. 47 CFR § 73.624(b), (b)(1), (c); *see also* 47 U.S.C. § 336(b). During the transition period to ATSC 3.0 service, we are affording NCE television broadcasters significant flexibility to determine the best mix of services for their communities. However, as during the DTV transition, our expectation remains that the fundamental use of the DTV license will be for the provision of free, over-the-air television service. *Advanced Television Systems and Their Impact Upon the Existing Television Broadcast Service*, MM Docket No. 87-268, Fifth Report and Order, 12 FCC Rcd 12809, 12820, para. 28 (1997) (*DTV Fifth Report and Order*); *see also id.* at 12820, para. 27 (noting the Commission’s “overarching goal” to “promote the success of a free, local television service using digital technology”). We do not decide at this time the separate, broader issue of how much spectral capacity a broadcast television station (commercial or NCE) must use (continued....)

In this regard, we modify the 2001 *NCE Ancillary Services Report and Order*'s interpretation of section 73.621,⁴⁹ which held that a substantial majority of an NCE television licensee's digital capacity must be dedicated to nonprofit, noncommercial, educational broadcast service, limiting ancillary and supplementary services to an NCE television licensee's excess capacity.⁵⁰ In so doing, we seek to preserve the nonprofit, noncommercial, educational nature of an NCE television licensee's service to its community, while affording such NCE licensees increased flexibility to provide "primary" services that are not traditional broadcasting. Although we decline to define what constitutes a "substantial majority" of the NCE's digital bitstream at this time, we expect to seek comment in a future proceeding on whether it is appropriate to revise section 73.621(j) regarding the amount of its 6 MHz channel capacity that an NCE television licensee must devote to "primary" uses, the scope of those primary uses, and any other related matters.⁵¹

19. As an initial matter, we adopt our unopposed tentative conclusion that NCE television licensees are allowed to provide ancillary and supplementary services.⁵² Indeed, the 2001 *NCE Ancillary Services Report and Order* sought to clarify not *whether* NCEs could offer ancillary and supplementary services, but "the *manner* in which [NCE] television licensees may use their excess [DTV] capacity for

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after the ATSC 3.0 transition period for the provision of its free over-the-air television service. As discussed in Section III.C, *infra*, we will consider this issue in a future proceeding, such as when we decide it is the appropriate time to consider eliminating the ATSC 1.0 simulcasting requirement. *Next Gen TV Report and Order*, 32 FCC Rcd at 9938, para. 14.

⁴⁹ Section 73.621 of the rules, 47 CFR § 73.621, provides in pertinent part:

"(a) ... noncommercial educational broadcast stations will be licensed only to nonprofit educational organizations upon a showing that the proposed stations will be used primarily to serve the educational needs of the community; for the advancement of educational programs; and to furnish a nonprofit and noncommercial television broadcast service. * * *

"(e) Each station shall furnish a nonprofit and noncommercial broadcast service.... * * *

"(j) With respect to the provision of advanced television services, the requirements of this section will apply to the entire digital bitstream of noncommercial educational television stations, including the provision of ancillary or supplementary services." 47 CFR § 73.621(a), (e), (j).

⁵⁰ *Ancillary or Supplementary Use of Digital Television Capacity by Noncommercial Licensees*, 16 FCC Rcd 19042, 19048, para. 15 (2001) (*NCE Ancillary Services Report and Order*). We do not modify the application of section 73.621 to an NCE licensee's free, over-the-air television broadcast service, but only as it applies to an NCE licensee's ancillary and supplementary services, pursuant to section 73.621(j).

⁵¹ In addition, until we address this issue in this future proceeding, we will consider waiver requests as necessary to allow public safety or other ancillary and supplementary uses that are nonprofit and noncommercial, but may not be educational in nature, to be applied to the "substantial majority" portion of an NCE licensee's spectrum dedicated for "primary" purposes.

⁵² The *NPRM* sought comment on whether there are any potential regulatory limitations on the ability of public television stations to provide Broadcast Internet services. *NPRM*, 35 FCC Rcd at 5927, para. 21. The *NPRM* noted that section 399B of the Communications Act, 47 U.S.C. § 399B, permits public stations to provide facilities and services in exchange for remuneration provided those uses do not interfere with the stations' provision of public telecommunications services. Observing also that the 2001 *NCE Ancillary Services Report and Order* determined that the section 399B ban on advertising does not apply to ancillary and supplementary services, the *NPRM* tentatively concluded that NCE television licensees are thus allowed to offer Broadcast Internet services. *Id.*; see also *NCE Ancillary Services Report and Order*, 16 FCC Rcd at 19052, para. 27 (concluding that "the Section 399B ban on advertising applies to all broadcast programming streams provided by NCE licensees, but does not apply to ancillary or supplementary services on their DTV channels, such as subscription services or data transmission services, to the extent that such services do not constitute 'broadcasting'"). Section 399B, however, does not permit public broadcast stations to make their facilities "available to any person for the broadcasting of any advertisement." *Id.* § 399B(a)(2).

remunerative purposes.”⁵³ The 2001 *NCE Ancillary Services Report and Order* amended section 73.621 of the rules “to clarify that the [s]ection’s requirements apply to the entire digital bitstream of NCE [television] licensees, including the provision of ancillary or supplementary services,”⁵⁴ in order to “preserve the noncommercial educational nature of public broadcasting, while allowing NCE [television] licensees some flexibility in remunerative use of their spectrum.”⁵⁵ The Commission concluded at the time that this balance required NCE television licensees to “use their entire digital capacity *primarily* for a nonprofit, noncommercial, educational broadcast service.”⁵⁶ The Commission “decline[d] to quantify the term ‘primarily,’” but “consider[ed] it to mean a ‘*substantial majority*’ of [the NCE television licensee’s] entire digital capacity.”⁵⁷

20. In light of the unique educational public service mission of noncommercial educational television stations (NCEs) seeking to provide ancillary and supplementary services, we clarify that section 73.621 allows NCE television licensees to count as part of the “primary” use of their spectrum not just “nonprofit, noncommercial, educational, broadcast service,” but also ancillary and supplementary services that are nonprofit, noncommercial, and educational in nature.⁵⁸ Specifically, we conclude that section 73.621(j) permits an NCE television licensee to count nonprofit, noncommercial, and educational ancillary and supplementary services, together with its free, over-the-air nonprofit, noncommercial, educational television broadcast service, as “primary” services that fall within section 73.621(a).⁵⁹ Section 73.621(j) states that section 73.621 “will apply to the entire digital bitstream of noncommercial educational television stations, including the provision of ancillary or supplementary services.”⁶⁰ We recognize that the 2001 *NCE Ancillary Services Report and Order*, which adopted section 73.621(j), interpreted this provision to mean that NCE television licensees are required to use their entire digital capacity “primarily” for their free, over-the-air television nonprofit, noncommercial, educational broadcast service and that ancillary and supplementary services do not qualify as a “primary” use.⁶¹ We reject this interpretation of section 73.621(j) of our rules as unnecessarily narrow. Rather, we agree with APTS/PBS and PMVG that it is reasonable to afford greater flexibility to NCE television licensees to provide ancillary and supplementary services that are nonprofit, noncommercial, and educational in nature as a “primary” use, and that there is a wide potential variety of such services.⁶² We are

⁵³ *NCE Ancillary Services Report and Order*, 16 FCC Rcd at 19042, para. 1 (emphasis added).

⁵⁴ *Id.* at 19048, para. 15. This decision was codified at 47 CFR § 73.621(j).

⁵⁵ *NCE Ancillary Services Report and Order*, 16 FCC Rcd at 19049, para. 17.

⁵⁶ *Id.* at 19048, para. 15 (emphasis added).

⁵⁷ *Id.* (emphasis added).

⁵⁸ APTS/PBS Comments at iv (stating that “the Commission should recognize that a variety of datacasting and other innovative encrypted uses that are not traditional broadcasting but that ‘serve the educational needs of the community’ or further the ‘advancement of educational programs’ are clearly counted among the ‘primary’ purposes ... as permitted by the plain language of the rule”); PMVG Comments at 3 (“The Commission also should recognize that there are many ways NCE stations can use their spectrum for educational use beyond just traditional broadcasting and provide clarity on the types of services that qualify as educational.”); *see also* 47 CFR § 73.621(a).

⁵⁹ 47 CFR § 73.621(a); *supra* note 49.

⁶⁰ 47 CFR § 73.621(j).

⁶¹ *NCE Ancillary Services Report and Order*, 16 FCC Rcd at 19048, para. 15 (requiring “that NCE licensees use their entire digital capacity primarily for a nonprofit, noncommercial, educational broadcast service”).

⁶² *See, e.g.*, APTS/PBS Comments at iii, 4; PMVG Comments at 20; *see also supra* para. 4. APTS/PBS maintains that any ancillary or supplementary service that “‘serve[s] the educational needs of the community’ or furthers the ‘advancement of educational programs’” should be considered “primary.” APTS/PBS Comments at iv (*emphasis added*). We reject this view because it would permit *for-profit, commercial* educational services (or *non-educational* television broadcasts) to be counted among the “primary” uses of an NCE’s spectrum. Instead, consistent with the requirements in section 73.621(a) that the station qualify as “noncommercial educational” and is
(continued....)

unpersuaded by Public Knowledge's contention that "allowing NCEs to count spectrum used for ancillary and supplementary services as primary service ... violates 47 U.S.C. § [397](11)."⁶³ Accordingly, we interpret the language of section 73.621(j) providing that the requirements of section 73.621 will apply to the entire digital bitstream of NCE television stations, "including the provision of ancillary or supplementary services," to broaden the scope of section 73.621(a) such that NCE television stations have the flexibility to make "primary" use of their "entire digital bitstream" through provision of not only a nonprofit, noncommercial, educational television broadcast service, but also any nonprofit, noncommercial, and educational ancillary and supplementary services it chooses to provide.

21. Although we adopt the NCE proposal to reinterpret our rules to permit "primary" ancillary and supplementary services, we decline to "pre-approve" specific services that could be considered primary. APTS/PBS and PMVG ask us essentially to create a "safe harbor" for Broadcast Internet services by identifying specific services that will qualify as "primary" uses under section 73.621(a).⁶⁴ Given the nascent state of the Broadcast Internet market, we find that it would be premature to classify such services in this manner. Instead, consistent with our precedent in applying section 73.621(a) to broadcast programming, we will defer to the judgment of the broadcaster when evaluating whether a given ancillary and supplementary service is educational unless such categorization appears to be arbitrary or unreasonable.⁶⁵

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licensed "only to [a] nonprofit educational organization," the rule requires that all "primary" uses, whether broadcast television or ancillary and supplementary, must be nonprofit, noncommercial, *and* educational. We find this reading best preserves the nonprofit, noncommercial, and educational nature of public broadcasting. We note that our decision today applies only to the application of section 73.621(a) to the provision of ancillary and supplementary services pursuant to section 73.621(j); it does not change an NCE television licensee's broadcast and other obligations under section 73.621(a).

⁶³ Letter from Kathleen Burke, Policy Counsel, and Harold Feld, Senior Vice President, Public Knowledge, to Marlene H. Dortch, Secretary, FCC, MB Docket No. 20-145 at 2 (filed Dec. 2, 2020) (Public Knowledge 12/2 Ex Parte) (*emphasis added*). Applying the last-antecedent rule, which "provides that 'a limiting clause or phrase ... should ordinarily be read as modifying only the noun or noun phrase that it immediately follows,'" *Lockhart v. U.S.*, 136 S. Ct. 958, 962 (2016) (quoting *Barnhart v. Thomas*, 540 U.S. 20, 26 (2003)), we observe that "engaged primarily in the production, acquisition, distribution, or dissemination of educational and cultural television or radio programs" is defining "any nonprofit institution," and not "any licensee or permittee of a public broadcast station." See 47 U.S.C. § 397(11) ("The term 'public broadcasting entity' means the Corporation, any licensee or permittee of a public broadcast station, or any nonprofit institution engaged primarily in the production, acquisition, distribution, or dissemination of educational and cultural television or radio programs."). Furthermore, our "primary service" decision applies to the use of a licensee's spectrum, not the activities of the licensee itself.

⁶⁴ APTS/PBS Comments at 3, Attachment 1; PMVG Comments at 13-14. These commenters identify a range of proposed Broadcast Internet services, including a number that do not, on their face, appear to be "educational" in nature. APTS/PBS provides a list of ancillary and supplementary services currently offered by public television stations that focuses on "a variety of areas that further their public service missions, especially education, child development, public safety, national security, job training, and telehealth." APTS/PBS Comments at 3 and Attachment 1. PMVG asks us "to clarify that a service satisfies the 'used primarily' requirement if it is either (a) a traditional over-the-air nonprofit and noncommercial video broadcast service; or (b) an ancillary or supplementary service that (i) involves content or services provided by the licensee itself or in cooperation with an educational, governmental, or non-profit organization that does not constitute an advertisement under Section 399(a) of the Communications Act or (ii) involves the provision of services to bridge the digital divide in underserved areas." PMVG Comments at 14.

⁶⁵ See *Way of the Cross of Utah, Inc.*, Memorandum Opinion and Order, 101 FCC 2d 1368, 1372, n.5 (1985) (citing Guidelines, 43 Fed. Reg. at 30844-45); *id.* (citing Notice of Inquiry in Docket No. 78-164, 43 Fed. Reg. 30842, 30845 (1978) (stating "[a]s in all matters relating to programming, we will defer to the judgment of the broadcaster unless his categorization appears to be arbitrary or unreasonable.")). Similarly, to the extent it becomes necessary to determine whether a given ancillary and supplementary service is "nonprofit and noncommercial," we will apply our broadcast programming precedent.

22. We also decline, at this time, to adopt the NCE television broadcasters' proposal to redefine the term "primarily," as used in section 73.621(a), to mean a "simple majority" instead of a "substantial majority," which is the definition adopted by the Commission in the 2001 *NCE Ancillary Services Report and Order*.⁶⁶ We disagree with APTS/PBS that there is a plain or common meaning of the term "primarily," and instead find that the term is ambiguous.⁶⁷ In light of this ambiguity, the Commission previously determined that "primarily" means "substantial majority." This definition was not challenged at the time, and we are not persuaded by the arguments in the record that present circumstances warrant reconsideration of this earlier decision. Given the retention of our substantial majority requirement, Public Knowledge is incorrect that our rules "will allow NCEs to sublease or otherwise monetize the majority of their spectrum to third parties instead of providing free service to the public."⁶⁸ Moreover, we find that our decision to include certain ancillary and supplementary services as part of the "primary" use of their spectrum affords NCE television licensees substantial additional flexibility in light of the enhanced capabilities made possible by the ATSC 3.0 standard.⁶⁹ As these services reach the market, we will have additional context upon which to evaluate whether any changes to the definition of "primarily" are warranted. Accordingly, we defer examination of this issue and any other related matters until the Broadcast Internet marketplace matures.⁷⁰

2. Fee for NCE Primary Ancillary and Supplementary Services

23. While we generally decline to adjust the fee associated with ancillary and supplementary services,⁷¹ to the extent that NCE television stations offer feeable ancillary and supplementary services

⁶⁶ *NCE Ancillary Services Report and Order*, 16 FCC Rcd at 19048, para. 15; *see also* APTS/PBS Comments at iv (stating that "a simple majority – rather than a substantial majority – of a public TV station's capacity should be the baseline requirement for the three enumerated 'primary' purposes in Section 73.621 (*i.e.*, to serve the educational needs of the community, for the advancement of educational programs, and to furnish a nonprofit and noncommercial television broadcast service)"); *id.* at 5 (seeking to redefine the meaning of the word "primarily" in 47 CFR § 73.621(a)); *see also* PMVG at 3 (asserting that "the FCC should clarify that—at least in the context of ATSC 3.0—the term 'primarily' requires NCE stations to allocate a simple majority, but not a substantial majority, of their spectrum for educational use").

⁶⁷ APTS/PBS Comments at 5 (claiming the term "primarily" is "commonly understood as a simple majority"). APTS/PBS also contends "that the Commission itself has explained that 'primarily' means 'more than half' when evaluating this language in the past." *Id.* (citing *Applications of WQED Pittsburgh and Cornerstone Television Inc.*, Memorandum Opinion and Order, 15 FCC Rcd 202, 224, para. 43 (1999)). This additional guidance, however, was subsequently vacated on reconsideration. *Applications of WQED Pittsburgh and Cornerstone Television Inc.*, Order on Reconsideration, 15 FCC Rcd 2534, 2535, para. 2 (2000). We note that the Merriam-Webster online dictionary defines "primarily" as "for the most part; chiefly." Merriam-Webster, *primarily*, <https://www.merriam-webster.com/dictionary/primarily> (last visited Oct. 7, 2020). Webster's New World Dictionary defines it as "mainly; principally." David B. Guralnik, General Editor, Webster's New World Dictionary 592 (2nd Concise ed. 1982). Thus, while "primarily" could be used to mean a "simple majority," that is far from the "common" understanding.

⁶⁸ Public Knowledge 12/2 Ex Parte at 2-3.

⁶⁹ Public Knowledge's claims to the contrary notwithstanding, nothing in this Order undermines the policy of ensuring free, over-the-air, educational television programming. Public Knowledge 12/2 Ex Parte at 3-4. As required by existing rules, each NCE station must continue to provide a free, over-the-air, nonprofit, noncommercial, educational television broadcast service. 47 CFR § 73.621(e); 47 CFR § 73.624(b); *see also* Public Knowledge 12/4 Ex Parte (explaining that the Commission's decision to refrain from judgment on the legality of the consumer offset proposal, discussed *supra* Section III.A.3, "would alleviate PK's primary objection" to the proceeding).

⁷⁰ *Infra* note 108. We will also consider waiver requests, as necessary, to allow public safety or other ancillary and supplementary uses that are nonprofit and noncommercial, but may not be educational in nature, to be applied to the "substantial majority" portion of an NCE licensee's spectrum committed to "primary" purposes.

⁷¹ *Supra* Section III.A.

that are nonprofit, noncommercial, and educational, we adopt a reduced fee of 2.5% on gross revenues generated by such “primary” services.⁷² As discussed above, section 73.621 of our rules provides that NCE stations must “be used primarily to serve the educational needs of the community; for the advancement of educational programs; and to furnish a nonprofit and noncommercial television broadcast service,” and extends this requirement to all services provided via the station’s digital bitstream.⁷³ Given the benefit of the “distinctive content of public broadcast programming” provided by NCEs,⁷⁴ and the fact that the auction value of spectrum that must be “primarily” used for such services is likely lower than that of spectrum used for services without such restrictions, we believe this lower fee is appropriate.

24. Although we decline at this time to exempt NCE television stations entirely from all fees on ancillary and supplementary service revenues devoted to the station’s nonprofit activities as APTS/PBS suggest,⁷⁵ we believe that the reduction we adopt is an appropriate incremental and balanced approach. While some commenters suggest that we make no change to the 5% fee under any circumstances, and others asked us to eliminate it entirely, we find that a fee of 2.5% for “primary” NCE ancillary and supplementary services that are feeable under the statute appropriately recognizes the public service mission of public television stations without creating a significant disparity with the 5% fee applied to other ancillary and supplementary services offered by NCE and commercial television stations. While we decline to adjust the 5% fee generally, choosing instead to wait until the ATSC 3.0 marketplace further develops and after a further review is conducted,⁷⁶ we believe a different approach is warranted for NCE stations. We seek to support the ability of public television stations to provide and expand their nonprofit, noncommercial, educational services and engage in new and innovative educational efforts using ATSC 3.0 technology.⁷⁷ NCE nonprofit, noncommercial, educational services, provided by the nonprofit, education-focused licensees of NCE stations, uniquely advance the public interest and therefore should be treated differently under our fee program than other ancillary and supplementary services that are provided by NCE and commercial broadcast stations.⁷⁸ Given this, our approach appropriately

⁷² *Infra* Appendix A (also correcting a typo in 73.624(g)).

⁷³ *Supra* Section III.B.1 (discussing 47 CFR § 73.621(a), (j)).

⁷⁴ *Minority Television Project, Inc. v. FCC*, 736 F.3d 1192, 1202 (9th Cir. 2013) (en banc), *cert. denied*, 134 S.Ct. 2874 (2014).

⁷⁵ APTS/PBS Comments at 9-10 (arguing that we should exempt NCE educational licensees from all ancillary and supplementary service fees for services that are “primary” under our rules, or if the revenues from such services are used to support the licensees’ “noncommercial public service missions”); Letter from Todd D. Gray, Counsel for APTS and PBS to Marlene H. Dortch, Secretary, FCC, MB Docket No. 20-145 (filed Nov. 13, 2020); *see also* PMVG Comments at 3, 8 (asserting that the Commission should excuse public television stations from fees on services that are “non-commercial in nature or otherwise advance the public interest,” and that public television stations’ use of spectrum to support their educational mission and otherwise serve the public interest, even if it generates revenue, is a noncommercial purpose that should not be subject to a fee); Didja Reply at 2 (agreeing that public television stations “deserve special consideration” for paying fees on educational services). PMVG also asserts that, aside from the policy argument, the 1996 Act should be read to prohibit the Commission from imposing fees on “noncommercial” services. PMVG Comments at 18-19; *see also* Letter from Marc Hand, Chief Executive Officer, PMVG to Marlene H. Dortch, Secretary, FCC, MB Docket No. 20-145 (filed Nov. 2, 2020). PMVG misreads the 1996 Act in finding such a limitation. *See supra* Section III.A.

⁷⁶ *See supra* para. 12.

⁷⁷ We note that Public Knowledge et al. contend that the Commission is prohibited from setting a fee of zero for any licensee. Public Knowledge et al. Comments at 4-6. Because we will continue to collect ancillary and supplementary fees from every licensee, both commercial and noncommercial, we need not address Public Knowledge et al.’s argument.

⁷⁸ *See, e.g., Noncommercial Educational Station Fundraising for Third-Party Non-Profit Organizations*, MB Docket No. 12-106, Report and Order, 32 FCC Rcd 3411, 3416-3421 (2017) (*NCE Fundraising Order*) (explaining the importance, to Congress and the Commission, of not “compromising [NCEs’] noncommercial nature and the valuable program service they provide to the public,” “alter[ing] the unique noncommercial, educational nature of (continued....)

reduces the fees on any revenue generated by such “primary” NCE ancillary and supplementary services, thereby permitting the nonprofit, education-focused licensees of NCE television stations to retain a larger percentage of any such revenue, providing more funds to support the core educational public service missions of such stations.

25. We find that our approach is consistent with section 336 of the 1996 Act. As discussed above, the language of section 336 gives the Commission wide discretion to select the appropriate fee for feeable ancillary and supplementary services.⁷⁹ Thus, we conclude that we have discretion under the statute to establish a fee for NCE primary ancillary and supplementary services that is lower than the fee for other ancillary and supplementary services, including those provided by commercial stations. Section 336(e)(1) directs the Commission to establish “a program to assess and collect” ancillary and supplementary fees⁸⁰ that, pursuant to section 336(e)(2), recover “a portion of the value of the public spectrum,” “avoid unjust enrichment,” and, eventually, recover an amount approximately equivalent to the spectrum’s value at auction.⁸¹ Section 336 does not require the Commission to levy fees in direct proportion to the amount of spectrum held by each licensee. Adjusting our program of fees to impose a reduced fee of 2.5% for NCE stations’ “primary” ancillary and supplementary services will not undermine the Commission’s ability to recover for the public a portion of the value of the spectrum made available for ancillary and supplementary uses. Furthermore, a reduced fee on the nonprofit, noncommercial, educational ancillary and supplementary services offered by NCEs will not create a danger of unjust enrichment. Any additional “primary” NCE ancillary and supplementary services offered as a result of these lower fees will, by their nature, redound to the public’s benefit more than to the benefit of the nonprofit educational organization licensees of the NCE stations.

26. Finally, we conclude that a 2.5% fee is consistent with our directive under section 336(e)(2)(B) to recover for the public an amount that would have been recovered “had such services been licensed” pursuant to an auction. The reduced fee of 2.5% will apply only to feeable ancillary and supplementary services that qualify as “primary” NCE services under section 73.621 of our rules, which means they must be nonprofit, noncommercial, and educational in nature. If spectrum restricted in this manner were offered for auction, we expect that bidders would offer a more modest amount of money for the right to build facilities that are restricted to providing services that are “primarily” nonprofit, noncommercial, and educational as opposed to spectrum designated for commercial use.⁸² In other words, the requirements imposed on the use of the NCE station spectrum make this spectrum inherently less valuable at auction than spectrum without such use restrictions.⁸³ Given the benefits to the public of an accelerated rollout of NCE primary Broadcast Internet services, we find it is appropriate to adopt this

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public broadcasting” or “further erod[ing] the distinction between NCE stations and their commercial counterparts”).

⁷⁹ *Supra* Section III.A.

⁸⁰ 47 U.S.C. § 336(e)(1).

⁸¹ *Id.* § 336(e)(2).

⁸² Our analysis is consistent with the analysis the Commission applied to section 336(e)(2)(B) in the *NCE Ancillary Services Report and Order*. *NCE Ancillary Services Report and Order*, 16 FCC Rcd at 19059, para 41 (stating that section 336(e)(2)(B) “refers to the amount of money that would have been recovered if spectrum had been made available for these kinds of ancillary or supplementary services and had been licensed pursuant to auction”).

⁸³ We agree with BitPath that, in considering among other things the appropriate level of the fee, the Commission should consider the auction value of the spectrum in the context of the ancillary and supplementary services being provided, not merely the auction value of the spectrum in the abstract. BitPath Reply at 10 (maintaining that, to assess the value of the spectrum, the question is “how much would be paid at auction for rights to build facilities to provide a 500 kbps push-only data service pursuant to the broadcast rules, including the technical rules, while meeting attendant public service obligations, including providing a free over-the-air locally-oriented television service”).

reduced fee even though it may overstate the auction value of spectrum so restricted. We are directed not only to “collect an amount that ... equals but does not exceed” the auction value of the spectrum, but also to recover a “portion of the value of the public spectrum resource” while avoiding unjust enrichment. While we find 2.5% to be appropriate at this time, we intend to monitor the development of the NCE Broadcast Internet marketplace and may adjust the fee if conditions warrant.

27. In reaching our decision, we are not constrained by the Commission’s previous decision to apply to NCE licensees the same fee for ancillary and supplementary services that we apply to commercial licensees.⁸⁴ Instead, we conclude that advances in technology and the associated new offerings anticipated by NCE stations suggest a different approach is currently warranted when assessing the appropriate fee for NCE “primary” ancillary and supplementary services. Public television stations are already experimenting with ancillary and supplementary services that advance the public interest.⁸⁵ Applying a reduced fee for “primary” NCE services will give NCE licensees both an additional incentive to pursue the expensive transition to ATSC 3.0 and additional resources to devote to their core mission. We find that the 2.5% rate for “primary” ancillary and supplementary services is sufficient to meet our obligations under section 336 of the 1996 Act and will advance our goals of promoting Broadcast Internet services and supporting the mission of NCE television stations to provide nonprofit, noncommercial, educational services.

28. We note that this limited change does not excuse NCEs from their obligation to file an “Annual DTV Ancillary/Supplementary Services Report” whenever they receive feeable ancillary and supplementary services revenue.⁸⁶ We expect that, in this report, NCE filers will clearly identify any services that are nonprofit, noncommercial, and educational and therefore qualify for the reduced fee.⁸⁷

3. Donor Contributions to NCE Television Stations

29. As requested by PMVG and unopposed by other commenters,⁸⁸ we clarify that, when an NCE television station provides “donor exclusive” ancillary and supplementary services that are nominal in value in return for contributions to the licensee, we will not treat such contributions as “subscription fees” under section 336 of the 1996 Act or section 73.621 of our rules.⁸⁹ For example, PMVG notes that stations may provide donor households with exclusive links to supplemental content, such as extended interviews or reference materials relevant to public affairs programming, or stations could offer donor households enhanced viewing experiences, such as the opportunity to view a local orchestra performance in 4K definition with immersive sound.⁹⁰ We will not treat such donor exclusive services as feeable as long as the ancillary and supplementary service provided in return is comparable in terms of value to the kinds of small gifts (e.g., coffee mugs, tote bags) that NCE stations often give donors in return for contributions. We agree with PMVG that the type of limited content offerings described above are comparable to the traditional donor gifts provided by NCE stations and should not be treated as ancillary

⁸⁴ *NCE Ancillary Services Report and Order*, 16 FCC Rcd at 19058-59, para 40.

⁸⁵ *See, e.g.*, APTS/PBS Comments at 3 and Attach. 1.

⁸⁶ FCC Form 2100, Schedule G.

⁸⁷ We dismiss as moot NTCA’s proposal for a detailed reporting and audit system, which they suggest should apply if we waived all fees for certain Broadcast Internet services. NTCA – The Rural Broadband Association (NTCA) Comments at 3.

⁸⁸ PMVG Comments at 17.

⁸⁹ 47 U.S.C. § 336(e)(1)(A) (describing a fee for services “for which the payment of a subscription fee is required in order to receive such services”); 47 CFR § 73.624(g)(1) (“All ancillary or supplementary services for which payment of a subscription fee or charge is required in order to receive the service are feeable.”).

⁹⁰ PMVG Comments at 18.

and supplementary services provided in return for a subscription fee.⁹¹ We also agree that, unlike programming provided in return for a subscription fee, the value of such content offerings made in return for a donation is likely minimal as compared to the value of the donation. In addition, unlike a subscription fee, the donation is made voluntarily and not pursuant to a subscription agreement. We intend to monitor the provision of “donor exclusive” services, however, and we may reconsider our decision in the future if such donor services appear to be comparable to subscription-based services.

C. Derogation & Analogous Services

30. We adopt our tentative conclusion that whether a broadcast station’s signal has been derogated should continue to be evaluated by whether it provides “at least one standard definition over-the-air video program signal at no direct charge to viewers that is at least comparable in resolution to analog television programming.”⁹² We also adopt our tentative conclusion to amend the wording of section 73.624(b) to define the precise resolution that is considered to be “at least comparable in resolution to analog television programming” as 480i, with a slight modification.⁹³ Based on the record, we decline to adopt two other proposals on which we sought comment in the *NPRM*—a presumption that Broadcast Internet services are not analogous to any other service regulated by the Commission and a de minimis service threshold under which ancillary and supplementary services might be exempted from the need to comply with the regulations applicable to an analogous service otherwise regulated by the Commission.

31. As discussed in the *NPRM*, section 336 of the 1996 Act allows broadcasters the flexibility to provide ancillary and supplementary services on their DTV channels.⁹⁴ In authorizing such services, Congress directed the Commission to adopt rules ensuring that broadcasters providing ancillary and supplementary services: (1) avoid derogating any advanced television services that the Commission may require; and (2) are subject to Commission regulations applicable to analogous services.⁹⁵ In furtherance of these statutory requirements, the Commission adopted section 73.624(c) of the rules, which permits broadcasters to offer ancillary and supplementary services provided they “do not derogate the DTV broadcast stations’ obligations under paragraph (b) of this section.”⁹⁶ Section 73.624(b) of the rules, in turn, requires that each DTV broadcast licensee transmit at least one standard definition (SD) over-the-

⁹¹ *Id.*

⁹² *NPRM*, 35 FCC Red at 5932, para. 33 (citing 47 CFR § 73.624(b), (c)).

⁹³ 47 CFR § 73.624(b). The number “480” identifies a vertical resolution of 480 lines, and the “i” signifies an interlaced resolution. *NPRM*, 35 FCC Red at 5932, para. 33 and n.96.

⁹⁴ *NPRM*, 35 FCC Red at 5931, para. 31. In general, the 1996 Act seeks “[t]o promote competition and reduce regulation in order to secure lower prices and higher quality services for American telecommunications consumers and encourage the rapid deployment of new telecommunications technologies.” Preamble to Pub. L. No. 104-104, 110 Stat. 56 (1996). More specifically, the 1996 Act gives the Commission discretion to determine, in the public interest, whether to permit broadcasters to offer ancillary and supplementary services. 47 U.S.C. § 336(a).

⁹⁵ 47 U.S.C. § 336(b)(2), (3).

⁹⁶ 47 CFR § 73.624(c). The rules provide examples of the types of ancillary or supplementary services that DTV licensees may offer including, but not limited to, “computer software distribution, data transmissions, teletext, interactive materials, aural messages, paging services, audio signals, subscription video, and any other services that do not derogate DTV broadcast stations’ obligations under paragraph (b) of this section. Such services may be provided on a broadcast, point-to-point or point-to-multipoint basis, provided, however that any video broadcast signal provided at no direct charge to viewers shall not be considered ancillary or supplementary.” *Id.* The Commission explicitly declined to limit the definition of ancillary or supplementary services to exclude mobile services, noting that ancillary or supplementary services would be subject to any regulations applicable to analogous services as required by the 1996 Act. *Advanced Television Systems and Their Impact Upon the Existing Television Broadcast Service*, MM Docket No. 87-268, Memorandum Opinion and Order on Reconsideration of the Fifth Report and Order, 13 FCC Red 6860, 6868-69, paras. 25-26 (1998) (*DTV Order on Reconsideration*).

air video program signal on its digital channel, at no charge to viewers, that is at least comparable in resolution to analog television programming.⁹⁷ The Commission also adopted rules codifying that broadcasters are permitted to provide ancillary and supplementary services on their broadcast spectrum that are analogous to other regulated services. If they choose to do so, however, they are required to adhere to any rules specific to such type of service.⁹⁸

1. Derogation of Service

32. *Derogation of Service Standard.* We adopt our tentative conclusion that whether a broadcast station's signal has been derogated should continue to be evaluated by whether it provides "at least one standard definition over-the-air video program signal at no direct charge to viewers that is at least comparable in resolution to analog television programming."⁹⁹ As acknowledged both in this proceeding and by the Commission in the *Next Gen TV Report and Order*, the ATSC 3.0 standard will provide expanded capacity for broadcasters to offer not only HD programming, but also other enhanced television resolutions such as 4K and 8K more efficiently.¹⁰⁰ However, as noted by NAB and BitPath, in light of the ATSC 3.0 local simulcasting requirement, requiring broadcasters to provide a higher resolution above SD at this early stage of ATSC 3.0 deployment could jeopardize their ability to preserve both primary and secondary ATSC 1.0 signals as stations convert to ATSC 3.0.¹⁰¹ Moreover, we agree with NAB, Pearl, and BitPath that current marketplace forces are sufficient to incentivize broadcasters to

⁹⁷ 47 CFR § 73.624(b); *see also DTV Fifth Report and Order*, 12 FCC Rcd at 12823, para. 27 ("Thus, we will allow broadcasters flexibility to respond to the demands of their audience by providing ancillary and supplementary services that do not derogate the mandated free, over-the-air program service."). The Commission declined to require broadcasters provide HD signals. *Id.* at 12826-27, paras. 40-44. Section 336(b)(2) of the 1996 Act states that derogation of high-definition television signals is only prohibited to the extent that the Commission requires that broadcasters air high-definition signals. 47 U.S.C. § 336(b)(2).

⁹⁸ 47 CFR § 73.624(c)(1).

⁹⁹ *NPRM*, 35 FCC Rcd at 5932, para. 33 (citing 47 CFR § 73.624(b)-(c)). NAB and BitPath support maintaining the Commission's current definition of derogation under section 73.624(b). NAB Comments at 3-5; BitPath Reply at 12-13 (contending that any proposal to increase the minimum derogation standard is outside the scope of the *NPRM* and "unsupported" by the realities of the broadcast marketplace in which broadcasters already exceed the FCC's existing minimum service requirements); Letter from Patrick McFadden, Deputy General Counsel, NAB, to Marlene H. Dortch, Secretary, FCC, MB Docket No. 20-145 at 1 (filed Aug. 6, 2020). These parties also argue that an increase to the minimum service standard beyond a single standard definition stream runs contrary to the Commission's conclusions in the recent *Next Gen TV Order on Reconsideration*. NAB Comments at 3-5; BitPath Reply at 12 (citing *Next Gen TV Order*, 32 FCC Rcd at 9944, para. 27, *aff'd Authorizing Permissive Use of the "Next Generation" Broadcast Television Standard*, GN Docket No. 16-142, Second Report and Order and Order on Reconsideration, 35 FCC Rcd 6793, 6817-19, paras. 50-52 (2020) (*Next Gen TV Order on Reconsideration*)); *see also* Pearl Comments at 5-6 (agreeing that the requirement should not be higher than standard definition). In contrast, NTA, Didja, Public Knowledge et al., ATVA, and NCTA all support modifying the minimum threshold for what should be considered derogation of a broadcaster's signal to better represent the realities of the marketplace or viewer expectations, uphold the language of the 1996 Act and Congress' intent for broadcasters to provide "advanced television services," and represent the efficiencies provided by the ATSC 3.0 standard. National Translator Association (NTA) Comments at 4-5; NCTA Comments at 6; Public Knowledge et al. Comments at 17-19, Reply at 15-18; Letter from Michael Calabrese, Open Technology Institute at New America, to Marlene H. Dortch, Secretary, FCC, MB Docket No. 20-145 at 2 (filed June 2, 2020); Didja Reply at 3; ATVA Comments at 3 (estimating that a television station transmitting in ATSC 1.0 needs 20% of its 6-MHz channel to transmit a single SD signal, whereas one transmitting in ATSC 3.0 needs to use as little as 8% of its 6-MHz channel to do the same).

¹⁰⁰ *See supra* para. 4; *Next Gen TV Order*, 32 FCC Rcd at 9931, 9933, paras. 1, 4 (noting how the ATSC 3.0 standard will allow broadcasters to innovate, improve service, and use their spectrum more efficiently).

¹⁰¹ *See* NAB Comments at 3-5; BitPath Reply at 12.

maintain their existing standards of service for viewers, which notably may include HD programming streams.¹⁰²

33. Next, we deny requests from several commenters that we prohibit broadcasters from transitioning a signal from HD to SD in order to provide an ancillary and supplementary service.¹⁰³ Earlier this year, the Commission rejected NCTA's proposal to require that ATSC 1.0 signals be simulcast in HD.¹⁰⁴ While we agree with NCTA that transitioning an ATSC 1.0 signal from HD to SD to facilitate the deployment of ancillary and supplementary services is different than transitioning a signal from HD to SD in order to comply with the ATSC 1.0 simulcast requirement,¹⁰⁵ we reiterate that there is no obligation that broadcasters provide an HD signal, even if they have chosen to do so in the past. Imposing such a signal quality requirement remains inappropriate, for the same reasons it did six months ago – broadcasters have strong market incentives to maintain HD service, and a decision not to do so would be in response to competitive marketplace conditions.¹⁰⁶ We therefore “decline to substitute our own judgment for that of local television stations that best know their communities’ needs,”¹⁰⁷ but will continue to monitor broadcasters’ deployment of ATSC 3.0 services and evaluate the need for changes to our derogation standard as part of a planned future proceeding.¹⁰⁸

34. *Definition of a Standard Definition Signal.* Notwithstanding our decision to maintain the existing derogation standard, we adopt our tentative conclusion to modernize section 73.624(b) so that a standard definition signal is defined as one that has a resolution of at least 480i (vertical resolution of 480

¹⁰² NAB Comments at 3-5; BitPath Reply at 12; Pearl Comments at 5-6; *see also Next Gen TV Order on Reconsideration*, 35 FCC Rcd at 6817-19, paras. 50-52 (rendering a similar decision not to require the continued provision of multicast streams).

¹⁰³ *See* ATVA Comments at 4 (“[W]hen a nonbroadcasting service consumes such a large portion of the broadcast spectrum, it necessarily ‘derogates’ broadcasting under any reasonable definition of the word (including, but not limited to, situations in which the broadcaster ceases to broadcast/simulcast in high-definition format).”); NCTA Comments at 6 (“Congress’s prohibition on broadcast signal derogation means that ‘ancillary and supplementary’ services must remain just that: ancillary and supplementary to the main purpose for which broadcasters were granted rights to use the spectrum.”); and Public Knowledge 12/2 Ex Parte at 1-2 (stating that the Commission “is required to create rules that prevent ancillary services from derogating advanced television service” and arguing that, by allowing stations to downgrade existing HD offerings to SD in order to provide ancillary and supplementary services, it “willfully ignores the current state of technology.”). Didja and ATVA also recommend that the Commission amend its derogation standard to require broadcasters that provide ancillary and supplementary services to air at least one HD signal. Didja Comment at 3; ATVA Comments at 4. Didja goes on to propose that if broadcasters do not have at least one HD signal, they may instead provide a minimum number of multiple SD signals. Didja Reply at 3. NTA suggests that instead of considering resolution as a basis for whether derogation has occurred, the Commission should also consider looking at the quantity of a station’s channel being used for broadcast, versus non-broadcast ancillary uses. NTA Comments at 5.

¹⁰⁴ *Next Gen TV Order on Reconsideration*, 35 FCC Rcd at 6817-19, paras. 48-52.

¹⁰⁵ NCTA Reply at 5-6.

¹⁰⁶ *Next Gen TV Order on Reconsideration*, 35 FCC Rcd at 6818, para. 50.

¹⁰⁷ *Id.*

¹⁰⁸ In the Spring of 2022, the Commission expects to open a proceeding to evaluate the sunset of certain ATSC 3.0 technical provisions. *Id.* at 6812-19, paras. 39-47. Separately, the Commission has stated that it will consider as part of a future proceeding the continued necessity of the ATSC 1.0 simulcasting requirement, which does not sunset. *Next Gen TV Report and Order*, 32 FCC Rcd at 9938, para. 14. As part of a future proceeding, based on the development of the ATSC 3.0 marketplace, we expect likewise to determine whether to reevaluate our derogation standard. While we have elected to maintain our current derogation standard at this time, we continue to “expect that the fundamental use of the 6 MHz DTV license will be for the provision of free over-the-air television service.” *DTV Fifth Report and Order*, 12 FCC Rcd at 12823, paras. 28.

lines, interlaced), as supported by multiple broadcast commenters.¹⁰⁹ Despite NAB's suggestion to the contrary, the record provides no evidence that clarifying and modernizing the definition of a "standard definition signal" will place an increased burden on broadcasters.¹¹⁰ Rather, this change will merely remove an outdated reference to analog television and codify what is universally accepted as the digital resolution of a standard definition broadcast signal.¹¹¹ While, as pointed out by BitPath, the 480i resolution standard was adopted over 20 years ago,¹¹² it is universally utilized by television sets today for displaying standard definition programming.¹¹³ Continued reliance on an obsolete analog broadcasting standard would be an outdated method by which to determine what is an acceptable digital standard definition signal. Further, we conclude that this rule update is fully consistent with the broad initiative the Commission has undertaken the past four years to modernize its rules by removing outdated references that no longer reflect the current media marketplace.

2. Analogous Services Analysis

35. In light of the limited record on this topic and the present lack of clarity concerning the precise Broadcast Internet services that broadcasters may offer, we find it is premature to adopt a presumption that certain Broadcast Internet services are or are not analogous to any other service regulated by the Commission.¹¹⁴ For the same reasons, we decline to adopt a de minimis service threshold under which ancillary and supplementary services might be exempted from the need to comply with the regulations of an analogous service otherwise regulated by the Commission.¹¹⁵

36. In reaching both of these conclusions, we agree with NCTA and CTIA that, at this initial stage in the development of Broadcast Internet services, the Commission should continue to evaluate

¹⁰⁹ Pearl and ARK agree with our tentative conclusion. *See* Pearl Comments at 4, n.11; ARK Comments at 25. In contrast, NAB and BitPath do not support amending the definition of a standard definition signal. While they question the utility of modifying the definition, they provide no alternative and identify no potential negative consequences of the modification. *See* BitPath Reply at 13; NAB Comments at 3-4; Letter from Patrick McFadden, Deputy General Counsel, NAB, to Marlene H. Dortch, Secretary, FCC, MB Docket No. 20-145, at 1 (filed Oct. 5, 2020).

¹¹⁰ NAB Comments at 4 (arguing the proposal is unnecessary and counterproductive in a proceeding where the FCC seeks to remove regulatory barriers to innovation); *see also, e.g.*, Letter from Patrick McFadden, Deputy General Counsel, National Association of Broadcasters to Marlene H. Dortch, Secretary, FCC, MB Docket No. 20-145 (Oct. 23, 2020) (arguing that "any changes to the existing rules regarding derogation of service should be minimal").

¹¹¹ Full power television stations completed their transition to digital broadcasting in 2009, followed by Class A television stations in 2015. LPTV and TV translator stations are required to cease analog operation and will be solely permitted to operate in digital starting by 11:59 p.m. local time on July 13, 2021. 47 CFR § 74.731(m); *see also Media Bureau Reminds Low Power Television and Television Translator Stations of July 13, 2021, Digital Transition Date*, Public Notice, 35 FCC Rcd 6977 (MB 2020).

¹¹² BitPath Comments at 13 (questioning the use of 480i as the basis for defining a standard definition signal and arguing that the standard is itself an outdated reference "to a certain pixel count specified in a 1996 technical standard").

¹¹³ *See* Advanced Television Systems Committee, A/53: ATSC Digital Television Standard, Parts 1 - 6, 2007, Part 4 at 11 and 15 (Jan. 3, 2007), https://www.atsc.org/wp-content/uploads/2015/03/a_53-Part-1-6-2007-1.pdf (setting 480 lines of resolution as the smallest permissible resolution value); Advanced Television Systems, ATSC Standard: Video – HEVC (A/341), 6.2.1 Legacy SD Video at 7-8 (Feb. 14, 2019), <https://www.atsc.org/wp-content/uploads/2017/05/A341-2019-Video-HEVC-1.pdf>.

¹¹⁴ *NPRM*, 35 FCC Rcd at 5933, para. 35.

¹¹⁵ *Id.* at 5933, para. 36.

whether or not a service is analogous to other regulated services on a case-by-case basis.¹¹⁶ While we do not foreclose adopting specific indicia of whether a service is or is not likely to be found to be analogous at some future point, we must first gain a better understanding of how Broadcast Internet services ultimately evolve in the marketplace. While, as argued by PMG, it may in fact end up being the case that Broadcast Internet services will be provided only on a one-way, one-to-many basis, as is the case with traditional video broadcast services,¹¹⁷ without knowing the precise services broadcasters will offer we cannot universally conclude that such services are inherently not analogous to any other service regulated by the Commission.¹¹⁸ We also agree with commenters that it is premature to adopt a presumptive or de minimis threshold under which ancillary and supplementary services otherwise akin to other regulated services would be found not to be analogous.¹¹⁹

37. Though we decline to adopt additional rules at this time, we recognize that broadcasters may continue to seek clarification from the Commission, from time to time, about whether a particular service would be analogous to another, or whether specific broadcast rules would apply. Finally, we will continue to monitor the marketplace and provide any necessary clarification in the future once both broadcasters and the Commission know the type of Broadcast Internet services that may be deployed and offered to consumers.

D. Other Proposals

1. Low Power Television

38. We decline to adopt any of the proposals by low power television and translator (LPTV) station representatives and others to change our LPTV service rules in this proceeding. In addition to seeking comments on the ancillary and supplementary service fee and derogation of service issues, the *NPRM* generally sought comment on the provision of Broadcast Internet services by LPTV stations and what steps, if any, the Commission should take to facilitate the provision of such services by LPTV stations.¹²⁰ In response, LPTV groups and interested parties, such as ARK, ATBA, Edge Spectrum, Evoca, NRB, NTA, Spectrum Evolution, and One Ministries, proposed a wide range of changes to the rules governing LPTV service.¹²¹ Among other things, these proposals include: equalizing LPTV

¹¹⁶ NCTA Comments at 7; CTIA Reply at 4 (urging the Commission to “continue to assess use cases that ATSC 3.0 enables over broadcast spectrum as they evolve to ensure a consistent regulatory framework across analogous services”).

¹¹⁷ PMG Comments at 8.

¹¹⁸ Pearl also requests that the Commission “clarify broadly that broadcast television regulations do not apply to broadcast internet services.” Pearl Comments at 3-4. For the same reasons discussed above, we are unable to conclude on a blanket basis, as requested by Pearl, that *all* broadcast television rules do not apply to Broadcast Internet services. Pearl Comments at 6-7 (citing *Declaratory Ruling*, 35 FCC Rcd at 5925-26, para. 15). While as a general matter we envision that many broadcast television rules (such as those related to children’s television or indecency, and, as discussed by Pearl, our rules on attribution) would not apply to Broadcast Internet services, others (such as technical rules governing station operations) may still be applicable. We note that our analysis in the *Declaratory Ruling* was conducted solely in the context of evaluating our media ownership and attribution rules and the applicability of those rules to the leasing of excess broadcast television spectrum to a third party, including another broadcaster, for the provision of ancillary and supplementary services.

¹¹⁹ NCTA maintains that the plain language of section 336(b) of the 1996 Act does not permit a de minimis exemption, and no commenters disagree. NCTA Comments at 7.

¹²⁰ *NPRM*, 35 FCC Rcd at 5927, para. 22.

¹²¹ See generally Comments of ARK, One Ministries, Inc. (One Ministries), the Advanced Television Broadcasting Alliance (ATBA), Edge Spectrum, National Religious Broadcasters (NRB), NTA, Spectrum Evolution, Inc. (Spectrum Evolution), and Edge Networks, Inc. (Evoca); Letter from Capitol Resources, LLC on behalf of Ark Multicasting Inc. to Marlene H. Dortch, Secretary, FCC, MB Docket No. 20-145 at 2 (Nov. 30, 2020) (Ark Ex Parte).

interference protection with that of full power and Class A TV stations (essentially eliminating LPTV's secondary status);¹²² creating a path for certain LPTV stations to attain primary status;¹²³ lifting certain restrictions on LPTV service;¹²⁴ granting blanket construction permit and license extensions for LPTV stations seeking to build ATSC 3.0 facilities;¹²⁵ abolish the ATSC 3.0 consumer education requirement for silent and newly built LPTV stations,¹²⁶ changing aspects of the interference rules;¹²⁷ and changing aspects of the Commission's distributed transmission systems (DTS) rules.¹²⁸

39. We find that all of these proposals, many of which call for sweeping changes to the nature of LPTV service or translator service specifically, are insufficiently related to Broadcast Internet and are thus beyond the scope of this proceeding. We note, however, that all LPTV stations transitioning to digital service are eligible to request a one-time, six-month extension of their construction permit,¹²⁹ and that we will continue to consider requests to extend LPTV licenses pursuant to the equity and fairness provision of section 312(g) of the Act on a case-by-case basis.¹³⁰ Further, pursuant to our existing rules,

¹²² ARK Comments at 16; ESI Comments at 18; *see also* NRB Comments at 2 (seeking "some degree of interference protection to ATSC 3.0 LPTV stations").

¹²³ One Ministries Comments (seeking a new application filing window to allow LPTV stations to convert to Class A TV stations, and thus receive primary status); Evoca Comments at 5 (seeking "a new class of LPTV 'internet broadcaster' that has the rights of a full-power license").

¹²⁴ ARK Comments at 20-21; ATBA Comments at 2-3, 6; ESI Comments at 15-16 (asking the Commission to eliminate two rules: (1) the rule restricting LPTV stations from moving more than 30 miles and (2) the rule restricting LPTV stations from building or moving within 75 miles of a Top 100 DMA); *see also* Evoca Comments at 4 (asking the Commission to allow LPTV stations "in underserved areas to increase their power closer to their full-power cousins").

¹²⁵ ARK Comments at 18-19; ATBA Comments at 3-5, 6; ESI Comments at 11-14; Ark Ex Parte at 1-2.

¹²⁶ *Id.* at 2.

¹²⁷ ESI Comments at 19 (contending that ATSC 3.0 LPTV stations should not have to accept any interference from new broadcast stations choosing to build an ATSC 1.0 facility).

¹²⁸ ARK Comments at 20; ATBA Comments at 2-3; ESI Comments at 16-17.

¹²⁹ 47 CFR § 74.788(c)(1). Any such request must be filed no later than March 13, 2021. 47 CFR § 74.788(c)(3) (setting the extension request deadline four months prior to the transition deadline, which is now July 13, 2021); *see also Media Bureau Reminds Low Power Television and Television Translator Stations of July 13, 2021, Digital Transition Date*, Public Notice, 35 FCC Rcd 6977 (MB 2020).

¹³⁰ We note that the Commission intended that the LPTV exemption from the local simulcasting requirement would help ensure that analog LPTV/translator stations and stations that have been displaced due to the post-incentive auction repacking process were not forced to build both an ATSC 1.0 and an ATSC 3.0 facility. *Next Gen TV Report and Order*, 32 FCC Rcd at 9951, para. 44. We also note that under section 312(g) of the Communications Act of 1934, as amended (Act), if a station fails to transmit a broadcast signal for any consecutive 12-month period its license automatically expires at the end of that period. 47 U.S.C. § 312(g). However, under that section a licensee may request an extension of its license if doing so would "promote equity and fairness." *Id.* The Commission has exercised its discretion under section 312(g) to extend or reinstate a station's expired license "to promote equity and fairness" only in limited circumstances where a station's failure to transmit a broadcast signal is due to compelling circumstances that were beyond the licensee's control. *See, e.g., Mark Chapman, Court-Appointed Agent*, Letter Order, 22 FCC Rcd 6578, 6580 (MB 2007) (reinstating license where silence necessitated by licensee's compliance with court order); *V.I. Stereo Communications*, Memorandum Opinion and Order, 21 FCC Rcd 14259, 14262 (2006) (reinstating license where silence due to destruction of towers in hurricanes). The Commission has stated that it would consider extensions in cases where stations were forced to remain dark for more than 12 months by the repack process. *See Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions*, GN Docket No. 12-268, Report and Order, 29 FCC Rcd 6567, 6807, para. 585 (2014); *Incentive Auction Task Force and Media Bureau Announce Procedures for the Post-Incentive Auction Broadcast Transition*, MB Docket No. 16-306, GN Docket No. 12-268, Public Notice, 32 FCC Rcd 858, 873-74, para. 49 (IATF/MB 2017) (stating that displaced LPTV stations that remain silent for more than one year may

(continued....)

LPTV stations that are unable to air the required ATSC 3.0 consumer education notifications because they not operational (i.e., silent or newly constructed) may seek a waiver of the Commission's notice requirement from the Media Bureau.¹³¹ Finally, we note that the proposals to allow LPTV stations to use DTS and to protect LPTV stations from full power DTS service are presently being considered in the DTS proceeding.¹³²

2. Retransmission Consent

40. *MVPD Carriage of Broadcast Internet Services.* We likewise decline to interpret our retransmission consent rules in the context of this proceeding. NCTA asks us to clarify that a broadcaster's use of retransmission consent to negotiate for carriage of Broadcast Internet services provided by a consortium of non-commonly owned broadcasters in the same market is prohibited by the bar on joint or coordinated retransmission consent negotiations.¹³³ NAB opposes this proposal as premature, urging us "to reject, now for the third time, NCTA's efforts to impose restraints on negotiations in the absence of any demonstration of real world market failure."¹³⁴ We decline to address this issue, finding it beyond the scope of this proceeding.¹³⁵

41. *Retransmission Consent Agreements Including Ancillary and Supplementary Services.* We also reject NTCA's proposal that we exempt broadcasters from all ancillary and supplementary service fees if they provide ancillary and supplementary services at no additional charge to unaffiliated MVPDs with which they have an existing retransmission consent agreement.¹³⁶ No commenters addressed this proposal. We note that ancillary and supplementary services that are solely being offered

(Continued from previous page) —————

request an extension or reinstatement of license where the station can demonstrate that its silence is the result of compelling reasons beyond the station's control including facts that relate to the post-auction transition process). The Media Bureau will continue to consider such relief for LPTV stations impacted by the repack.

¹³¹ See *Northeast Cellular Telephone Co. v. FCC*, 897 F.2d 1164, 1166 (D.C. Cir. 1990); *WAIT Radio v. FCC*, 418 F.2d 1153, 1159 (D.C. Cir. 1969); 47 CFR § 1.3 (waiver for good cause shown). Stations should file requests for waiver as a Legal STA in the Commission's Licensing and Management System (LMS). All waiver requests will be evaluated on a case-by-case basis and must include the following information: (1) an explanation describing why the station is unable to comply with the existing consumer education requirements; (2) an alternative but comparable means the station will use to notify viewers of the station's new channel or if the station has previously not been operational (i.e., is newly built) why notice would not be in the public interest; and (3) how grant of the waiver request complies with the Commission's general waiver standard. A station may propose to provide alternative notification to viewers through, for example, local newspaper, radio, other in-market television stations, and/or digital and social media. See, e.g., *Incentive Auction Task Force and Media Bureau Remind Repacked Stations of Certain Post-Auction Transition Requirements and Deadlines*, MB Docket No. 16-306 and GN Docket No. 12-268, Public Notice, 33 FCC Rcd 8240, 8245, para. 15, n.41 (IATF & MB 2018).

¹³² See *Rules Governing the Use of Distributed Transmission System Technologies; Authorizing Permissive Use of the "Next Generation" Broadcast Television Standard*, MB Docket 20-74 and GN Docket 16-142, Notice of Proposed Rulemaking, 35 FCC Rcd 3330 (2020).

¹³³ NCTA Comments at 2-3. NCTA points to section 325 of the Act, which generally prohibits same-market television broadcast stations from "coordinating negotiations or negotiating on a joint basis" for retransmission consent unless the stations are under common *de jure* control. 47 U.S.C. § 325(b)(3)(C)(iv).

¹³⁴ NAB Reply at 4. Although we note that NCTA's request is more narrowly focused than NAB suggests, we nonetheless agree that retransmission consent issues are not relevant to this proceeding.

¹³⁵ We note that the *NPRM* indicated that changes to our rules and policies regarding retransmission consent agreements are beyond the scope to this proceeding. *NPRM*, 35 FCC Rcd at 5927, n.63 (rejecting NCTA's request that the *NPRM* seek comment "on the relationship between the provision of ancillary and supplementary services and other Commission rules and statutory obligations, including retransmission consent").

¹³⁶ See NTCA Comments at 8.

free of charge do not generate revenue and, therefore, are not subject to the ancillary and supplementary services fee.

IV. PROCEDURAL MATTERS

42. *Final Regulatory Flexibility Analysis.* As required by the Regulatory Flexibility Act of 1980, as amended (RFA),¹³⁷ the Commission has prepared a Final Regulatory Flexibility Analysis (FRFA) relating to this Order. The FRFA is set forth in Appendix B.

43. *Paperwork Reduction Act Analysis.* This document does not contain new or modified information collection requirements subject to the Paperwork Reduction Act of 1995 (PRA), Public Law 104-13. In addition, therefore, it does not contain any new or modified information collection burden for small business concerns with fewer than 25 employees, pursuant to the Small Business Paperwork Relief Act of 2002, Public Law 107-198, see 44 U.S.C. 3506(c)(4).

44. *Congressional Review Act.* The Commission has determined, and the Administrator of the Office of Information and Regulatory Affairs, Office of Management and Budget concurs, that this rule is “non-major” under the Congressional Review Act, 5 U.S.C. § 804(2). The Commission will send a copy of this Report & Order to Congress and the Government Accountability Office pursuant to 5 U.S.C. § 801(a)(1)(A).

V. ORDERING CLAUSES

45. Accordingly, **IT IS ORDERED** that, pursuant to the authority contained in Sections 1, 4(i), 4(j), 303(r), and 336 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i), 154(j), 303(r), and 336, the Report and Order **IS ADOPTED**.

46. **IT IS FURTHER ORDERED** that the Commission’s rules **ARE HEREBY AMENDED** as set forth in Appendix A, effective as of 30 days after the date of publication of a summary in the Federal Register.

47. **IT IS FURTHER ORDERED** that the Commission’s Consumer and Governmental Affairs Bureau, Reference Information Center, **SHALL SEND** a copy of this Report and Order, including the Final Regulatory Flexibility Analysis, to the Chief Counsel for Advocacy of the Small Business Administration.

48. **IT IS FURTHER ORDERED** that the Commission will send a copy of the Report and Order in a report to Congress and the Government Accountability Office pursuant to the Congressional Review Act (CRA).

49. **IT IS FURTHER ORDERED** that should no petitions for reconsideration or petitions for judicial review be timely filed, MB Docket No. 20-145 **SHALL BE TERMINATED** and its docket closed.

FEDERAL COMMUNICATIONS COMMISSION

Marlene H. Dortch
Secretary

¹³⁷ 5 U.S.C. § 603. The RFA, 5 U.S.C. § 601 *et seq.*, has been amended by the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA), Pub. L. No. 104-121, Title II, 110 Stat. 857 (1996). The SBREFA was enacted as Title II of the Contract with America Advancement Act of 1996 (CWAAA).

APPENDIX A

Final Rules

Part 73 of Title 47 of the U.S. Code of Federal Regulations is amended to read as follows:

PART 73 – RADIO BROADCAST SERVICES

1. The authority for Part 73 continues to read as follows:

AUTHORITY: 47 U.S.C. 154, 155, 301, 303, 307, 309, 310, 334, 336, 339.

2. Amend § 73.624 to read as follows:

§ 73.624 Digital Television Broadcast Stations.

(b) DTV broadcast station permittees or licensees must transmit at least one over-the-air video program signal at no direct charge to viewers on the DTV channel. Until such time as a DTV station permittee or licensee ceases analog transmissions and returns that spectrum to the Commission, and except as provided in paragraph (b)(1) of this section, at any time that a DTV broadcast station permittee or licensee transmits a video program signal on its analog television channel, it must also transmit at least one over-the-air video program signal on the DTV channel. The DTV service that is provided pursuant to this paragraph must **have a resolution of at least 480i (vertical resolution of 480 lines, interlaced).** ~~be at least comparable in resolution to the analog television station programming transmitted to viewers on the analog channel.~~

(g) ~~Commercial and noncommercial~~ DTV licensees and permittees, and low power television, TV translator and Class A television stations DTV licensees and permittees, must annually remit a fee of five percent of the gross revenues derived from all ancillary and supplementary services, as defined by paragraph (b) of this section, which are feeable, as defined in paragraphs (g)(21)(i) ~~and~~ through (iii) of this section. **Noncommercial DTV licensees and permittees must annually remit a fee of five percent of the gross revenues derived from all ancillary and supplementary services, as defined by paragraph (b) of this section, which are feeable, as defined in paragraphs (g)(1)(i) through (iii) of this section, except that such licensees and permittees must annually remit a fee of two and one half percent of the gross revenues from such ancillary or supplementary services which are nonprofit, noncommercial, and educational.**

APPENDIX B

Final Regulatory Flexibility Act Analysis

1. As required by the Regulatory Flexibility Act of 1980, as amended (RFA),¹ an Initial Regulatory Flexibility Analysis (IRFA) was incorporated in the *Notice of Proposed Rulemaking (NPRM)* in this proceeding.² The Commission sought written public comment on the proposals in the *NPRM*, including comment on the IRFA. We received no comments specifically directed toward the IRFA. This present Final Regulatory Flexibility Analysis (FRFA) conforms to the RFA.³

A. Need for, and Objective of, the Report and Order

2. The Commission seeks to promote and preserve free, universally available, local broadcast television by providing a clear regulatory landscape that permits licensees the flexibility to succeed in a competitive market and incentivizes the most efficient use of prime spectrum. We undertook this proceeding to ensure that our rules, most over 20 years old, will help foster the introduction of new Broadcast Internet services and the efficient use of existing television broadcast spectrum under the new ATSC 3.0 standard. In this Report and Order, we therefore conclude that ancillary and supplementary (A&S) fees should be calculated based on the gross revenue received by the broadcaster, without regard to the gross revenue of an unaffiliated third party, such as a spectrum lessee; should retain the existing standard of derogation of broadcast service, but amend the wording of the rules to eliminate the outdated reference to analog television; and should reaffirm that noncommercial educational television broadcast stations (NCEs) may offer Broadcast Internet services. We also reinterpret the application of section 73.621 of our rules to permit noncommercial educational stations (NCEs) to devote the substantial majority of their spectrum not just to free over-the-air television but also ancillary and supplementary services; lower the ancillary and supplementary service fee for certain NCE services; and clarify that NCEs may offer limited Broadcast Internet services to donors without transforming those donations into feeable ancillary and supplementary service revenue. With these changes, we seek to clarify the regulatory landscape in order to foster the efficient and robust use of broadcast spectrum capacity for the provision of Broadcast Internet services consistent with statutory directives.

B. Summary of Significant Issues Raised by Public Comments in Response to the IRFA

3. There were no comments filed in response to the IRFA.

C. Response to comments by the Chief Counsel for Advocacy of the Small Business Administration

4. Pursuant to the Small Business Jobs Act of 2010, which amended the RFA, the Commission is required to respond to any comments filed by the Chief Counsel for Advocacy of the Small Business Administration (SBA), and to provide a detailed statement of any change made to the proposed rules as a result of those comments.⁴

5. The Chief Counsel did not comment in response to the proposed rules in this proceeding.

¹ 5 U.S.C. § 603. The RFA, 5 U.S.C. §§ 601-612, has been amended by the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA), Pub. L. No. 104-121, Title II, 110 Stat. 857 (1996). The SBREFA was enacted as Title II of the Contract With America Advancement Act of 1996 (CWAAA).

² *NPRM*, 35 FCC Rcd at 5937-41, Appendix B.

³ 5 U.S.C. § 604.

⁴ 5 U.S.C. § 604(a)(3).

D. Description and Estimate of the Number of Small Entities to Which Rules Will Apply

6. The RFA directs agencies to provide a description of, and where feasible, an estimate of the number of small entities that may be affected by the proposed rules, if adopted.⁵ The RFA generally defines the term “small entity” as having the same meaning as the terms “small business,” “small organization,” and “small governmental jurisdiction.”⁶ In addition, the term “small business” has the same meaning as the term “small business concern” under the Small Business Act.⁷ A small business concern is one which: (1) is independently owned and operated; (2) is not dominant in its field of operation; and (3) satisfies any additional criteria established by the SBA.⁸ Below, we provide a description of such small entities, as well as an estimate of the number of such small entities, where feasible.

7. *Television Broadcasting.* This Economic Census category “comprises establishments primarily engaged in broadcasting images together with sound.”⁹ These establishments operate television broadcast studios and facilities for the programming and transmission of programs to the public.¹⁰ These establishments also produce or transmit visual programming to affiliated broadcast television stations, which in turn broadcast the programs to the public on a predetermined schedule. Programming may originate in their own studio, from an affiliated network, or from external sources. The SBA has created the following small business size standard for such businesses: those having \$41.5 million or less in annual receipts.¹¹ The 2012 Economic Census reports that 751 firms in this category operated in that year. Of this number, 656 had annual receipts of less than \$25 million, 25 had annual receipts ranging from \$25 million to \$49,999,999, and 70 had annual receipts of \$50 million or more.¹² Based on this data we therefore estimate that the majority of commercial television broadcasters are small entities under the applicable SBA size standard.

8. Additionally, the Commission has estimated the number of licensed commercial television stations to be 1,374.¹³ Of this total, 1,282 stations (or 94.2%) had revenues of \$41.5 million or less in 2018, according to Commission staff review of the BIA Kelsey Inc. Media Access Pro Television Database (BIA) on April 15, 2019, and therefore these licensees qualify as small entities under the SBA definition. In addition, the Commission estimates the number of licensed noncommercial educational

⁵ 5 U.S.C. § 603(b)(3).

⁶ 5 U.S.C. § 601(6).

⁷ 5 U.S.C. § 601(3) (incorporating by reference the definition of “small-business concern” in 15 U.S.C. § 632). Pursuant to 5 U.S.C. § 601(3), the statutory definition of a small business applies “unless an agency, after consultation with the Office of Advocacy of the Small Business Administration and after opportunity for public comment, establishes one or more definitions of such term which are appropriate to the activities of the agency and publishes such definition(s) in the Federal Register.”

⁸ 15 U.S.C. § 632.

⁹ U.S. Census Bureau, 2017 NAICS Definitions, “515120 Television Broadcasting,” <https://www.census.gov/cgi-bin/sssd/naics/naicsrch?input=515120&search=2017>.

¹⁰ *Id.*

¹¹ 13 CFR § 121.201 (2012) (NAICS Code 515120).

¹² U.S. Census Bureau, Table No. EC1251SSSZ4, *Information: Subject Series - Establishment and Firm Size: Receipts Size of Firms for the United States: 2012* (Jan. 8, 2016), https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ECN_2012_US_51SSSZ4&prodType=table.

¹³ Press Release, FCC, Broadcast Station Totals as of December 31, 2019 (Jan. 3, 2020), <https://docs.fcc.gov/public/attachments/DOC-361678A1.pdf>.

(NCE) television stations to be 388.¹⁴ The Commission does not compile and does not have access to information on the revenue of NCE stations that would permit it to determine how many such stations would qualify as small entities.

9. We note, however, that in assessing whether a business concern qualifies as “small” under the above definition, business (control) affiliations¹⁵ must be included. Our estimate, therefore, likely overstates the number of small entities that might be affected by our action, because the revenue figure on which it is based does not include or aggregate revenues from affiliated companies. In addition, another element of the definition of “small business” requires that an entity not be dominant in its field of operation. We are unable at this time to define or quantify the criteria that would establish whether a specific television broadcast station is dominant in its field of operation. Accordingly, the estimate of small businesses to which rules may apply does not exclude any television station from the definition of a small business on this basis and is therefore possibly over-inclusive.

10. There are also 387 Class A stations.¹⁶ Given the nature of these services, the Commission presumes that all of these stations qualify as small entities under the applicable SBA size standard. In addition, there are 1,892 LPTV stations and 3,621 TV translator stations.¹⁷ Given the nature of these services as secondary and in some cases purely a “fill-in” service, we will presume that all of these entities qualify as small entities under the above SBA small business size standard.

E. Description of Projected Reporting, Recordkeeping, and Other Compliance Requirements for Small Entities

11. This Report and Order imposes no new reporting, recordkeeping, or compliance requirements.

F. Steps Taken to Minimize the Significant Economic Impact on Small Entities, and Significant Alternatives Considered.

12. The RFA requires an agency to describe any significant alternatives that it has considered in developing its approach, which may include the following four alternatives (among others): “(1) the establishment of differing compliance or reporting requirements or timetables that take into account the resources available to small entities; (2) the clarification, consolidation, or simplification of compliance an reporting requirements under the rule for such small entities; (3) the use of performance rather than design standards; and (4) an exemption from coverage of the rule, or any part thereof, for such small entities.”¹⁸

13. Our rules will not impose a negative economic impact on any parties, because they increase opportunities for broadcasters without imposing additional obligations. Indeed, by clarifying the scope of feeable revenue our rule may allow small broadcast entities transitioning to ATSC 3.0 to experience positive economic impacts through partnership with unaffiliated third parties. NCE television stations in particular, both large and small, will experience positive benefits from the decisions made in this item, which will allow them to offer nonprofit, noncommercial, educational Broadcast Internet services alongside their television programming as part of the primary use of their spectrum, and which imposes a reduced two and a half percent fee on these services.

¹⁴ *Id.*

¹⁵ “[Business concerns] are affiliates of each other when one concern controls or has the power to control the other or a third party or parties controls or has the power to control both.” 13 CFR § 121.103(a)(1).

¹⁶ *Supra* note 13 (discussing broadcast station totals as of December 31, 2019).

¹⁷ *Id.*

¹⁸ 5 U.S.C. § 603(c)(1) – (c)(4).

G. Report to Congress

14. The Commission will send a copy of the Report and Order, including this FRFA, in a report to be sent to Congress pursuant to the Congressional Review Act.¹⁹ In addition, the Commission will send a copy of the Report and Order, including this FRFA, to the Chief Counsel for Advocacy of the SBA. A copy of the Report and Order and FRFA (or summaries thereof) will also be published in the Federal Register.

¹⁹ 5 U.S.C. § 801(a)(1)(A).

**STATEMENT OF
CHAIRMAN AJIT PAI**

Re: *Promoting Broadcast Internet Innovation through ATSC 3.0*, MB Docket No. 20-145.

Today's Order is another step toward realizing the potential of ATSC 3.0, the next-generation broadcast television standard. Early in my tenure as Chairman, we authorized television broadcasters to use ATSC 3.0 on a voluntary, market-driven basis, and the rollout of ATSC 3.0 has been accelerating in recent months. Television stations in 21 U.S. markets are now broadcasting in ATSC 3.0. And there are now 20 television models available with built-in tuners capable of receiving ATSC 3.0 signals, with more set to hit the shelves in 2021. I believe that the future is promising for ATSC 3.0, not just for the consumers who stand to benefit not only from an improved TV experience (such as watching the Kansas City Chiefs defend their Super Bowl championship in a glorious 4K image), but also a wide range of services such as localized emergency alerts or, as we address here today, Broadcast Internet services.

I am particularly excited by the range of possibilities today's Report and Order will help unlock for noncommercial educational (NCE) stations. For example, these stations are eager to use ATSC 3.0 to deliver educational content through Broadcast Internet services. And as our nation continues to grapple with the ongoing pandemic and its effect on schoolchildren, these services can make a major impact in facilitating remote learning. Recognizing the importance of the services that NCE stations can provide, we cut the ancillary and supplementary services fee for NCE stations in half, from the 5% currently assessed to 2.5%. I'd like to extend my thanks to America's Public Television Stations and the Public Broadcasting Service for their robust support of this item and look forward to seeing the innovative services they will deliver.

I'd also like to thank Commissioner Carr and his office for their leadership in guiding this item to the finish line. And a special thanks to the Commission staff who brought this item to the Report and Order stage only six months after the Notice of Proposed Rulemaking was adopted: from the Media Bureau, Evan Baranoff, Michelle Carey, Lyle Elder, Kim Matthews, Evan Morris, Maria Mullarkey, and Sarah Whitesell; from the Office of General Counsel, David Konczal and Bill Richardson; from the Office of Economics and Analytics, Eugene Kiselev, Emily Talaga, and Andy Wise; and from the Office of Communications Business Opportunities, Belford Lawson.

**STATEMENT OF
COMMISSIONER BRENDAN CARR**

Re: *Promoting Broadcast Internet Innovation through ATSC 3.0*, MB Docket No. 20-145.

Just yesterday, I had the opportunity to address this year's India Mobile Congress—remotely, of course—on the future of ATSC 3.0 and how Broadcast Internet services can support the delivery of 5G and other high-speed Internet services in India. Our two countries enjoy a strong bond of friendship and cooperation, and I was honored to join our regulatory counterparts to discuss the future of the broadcast airwaves.

With India's "mobile first" society and its growing demand for mobile video, its traditional mobile networks must add capacity. Indeed, India is expected to grow to more than 850 million wireless users, which will put an incredible strain on existing capacity as video content is streamed to more and more devices. And there is an urgent need to extend next-gen Internet services to the many rural and remote parts of India.

In short, India faces many of the same connectivity challenges that we see in our own country. And we are both looking to innovative technologies to help get the job done. Whether you call it datacasting, Broadcast Internet, or 5G Broadcasting, as they do in India, this is where powerful broadcast spectrum—enhanced by ATSC 3.0—can be put to work to meet the exploding demand for high-speed Internet services. This new technology presents a terrific opportunity for broadcasters to enhance their traditional over-the-air services, while simultaneously offering next generation wireless services.

I came away from the conference even more enthusiastic about the future of ATSC 3.0. There is now a global recognition of our work here at the FCC to ensure that broadcasters will have a seat at the table in the next-gen wireless ecosystem and that broadcast spectrum can leverage its inherent strengths to compete in this market. Those strengths include wide-area coverage over low-band spectrum and an efficient one-to-many architecture. Indeed, this spectrum is particularly well suited to bringing advanced wireless services to typically underserved rural and remote communities.

For 5G, it could help augment coverage or add capacity by shifting data off cellular networks. As we look to push increasingly more data to the edge of the network, for both fixed and mobile services, broadcast spectrum could provide one way of moving all that data in an efficient and cost-effective manner.

And as the record shows, the vision for ATSC 3.0 doesn't stop there. Take autonomous vehicles. Broadcast spectrum could be used to send out targeted map and traffic data or provide large, fleet-wide software updates—quickly and efficiently.

For IoT, smart ag, and telemedicine applications, broadcast TV's low-band spectrum could provide an efficient means of communicating with devices over wide areas.

And now, as seemingly every part of our lives migrates online—work, school, FCC Open Meetings—broadcasters have a tremendous opportunity to serve their communities in new and exciting ways. For example, in addition to providing invaluable programming over the air, broadcasters could also deliver lessons to children attending school virtually; provide job training materials for those whose livelihoods may have vanished; or combined with other spectrum to provide broadband connectivity to those who cannot connect today. With home Internet connections as important as ever, we should give broadcasters the freedom to use their spectrum in ever more innovative ways.

Given this vast potential, it is critical that we identify the appropriate regulatory environment to enable this efficient, high-capacity spectrum to come to market quickly. As recognized by regulators in India, our actions to date in the U.S. have helped to do just that, and I am pleased that today's item will do even more to promote innovation and ensure that the FCC's regulations do not hold back the introduction and growth of new competitive offerings. NCE stations, in particular, have been at the forefront of datacasting under ATSC 1.0, and our actions today will allow them to enhance and expand these offerings while continuing to provide the educational programming that is the core of their public service mission.

I would like to thank Chairman Pai for the opportunity to help lead the FCC's work in this proceeding. He has long supported the deployment of ATSC 3.0 and the consumer benefits and innovations it will support. And the approach we've taken is working. Broadcasters are making great progress in their NextGenTV offerings—even during the pandemic—and many are already exploring ways to support Broadcast Internet services.

Finally, I would like to thank the staff of the Media Bureau for their expert work on this item and throughout this entire proceeding. It has been a great privilege to work directly with them to help this exciting new technology flourish. I look forward to continuing to promote the enhanced services made possible by ATSC 3.0, and our decision today has my support.

**STATEMENT OF
COMMISSIONER JESSICA ROSENWORCEL,
CONCURRING**

Re: *Promoting Broadcast Internet Innovation through ATSC 3.0*, MB Docket No. 20-145.

There is no doubt about it. This pandemic has changed the way we live. We've experienced massive shifts in our day-to-day. So many of us are working and learning remotely. We're replacing in-person visits with video conferences and calls. We've grown accustomed to social distancing requirements and safety protocols that were totally foreign to us just a year ago.

There are small shifts in our lives, too. Like the way hand sanitizer is now ubiquitous. Or the way that sales of holiday decorations are on the rise—a reminder that we're all looking for a little more joy this year. It is also apparent in the way that so many of our conversations now begin with the all-important question: "So, what are you watching?"

It's no wonder, really. We're glued to our screens like never before. We look to them for the content we want, the news we need, and the entertainment we crave to pass the hours we are all spending at home. Sometimes we are looking for information about this virus in our communities, sometimes we are looking to be captivated by a story about a young female chess champion, and sometimes we are just looking for the Sunday night football game.

While we're doing so much watching, there is change on the horizon. That's because a new broadcast standard is coming to enhance our viewing. ATSC 3.0 promises to deliver Ultra High Definition picture quality and immersive audio, along with advanced emergency alerts and new interactive services. This is good stuff. It could mean real innovation in broadcasting—on par with new services that have emerged on so many of the other screens around us.

Today's decision is an effort to speed the day that we see these new technologies. It adjusts long-standing broadcast policies in an effort to nod to the changes ATSC 3.0 could bring to our screens. But as we usher in this new standard for television, we need to keep consumers front of mind. That means in addition to updating our rules for broadcasters adopting this technology, we consider how everyone who watches will navigate this transition. After all, ATSC 3.0 is not compatible with current television devices. That means each of us will need to buy new television sets or new equipment. And just saddling consumers with this expense doesn't add up.

There comes a point—and I think we're getting there fast—where we can no longer afford to ignore this issue. We need to do more to figure out how we can help viewers reach this next generation of television technology. For this reason, I choose to concur.

**STATEMENT OF
COMMISSIONER GEOFFREY STARKS,
CONCURRING**

Re: *Promoting Broadcast Internet Innovation through ATSC 3.0*, MB Docket No. 20-145.

The ATSC 3.0 standard has transformed our broadcast spectrum into much more than just a conduit for video content. Innovative service offerings, more efficient use of limited spectrum, and improved transmission speeds are all features of this technology. I therefore support moving forward to clarify rules of the road in this proceeding for the provision of ancillary and supplementary services in the TV band.

At the same time, I raised concerns against moving too far into uncharted territory without having carefully considered how primary broadcast services might be affected as more licensees start to diversify into providing, or leasing their spectrum so others can provide, ancillary and supplementary services. Several aspects of the earlier version of this item did not have my support. I therefore worked to see a few changes with the hope of reaching consensus, because I understand that ATSC 3.0 technology is already being deployed and we have a responsibility to ensure that it is implemented in a manner that is consistent with statutory requirements, and that protects primary broadcast services and consumers. For that reason, I concur.

Specifically, I disagreed with language suggesting that the Commission lacks statutory authority to create an ATSC 3.0-compatible equipment subsidy program. That finding was unnecessary and ran the risk of hamstringing future Commissions wishing to reach a different conclusion if warranted by consumer and market needs. Although I agree that it is premature at this time to authorize such a subsidy program, that door should be left open should the need arise in the public interest.

I also opposed, as facially inconsistent with section 336(e)(1) of the Act, excluding the value of any "in-kind" facility improvements made or financed by third parties from gross revenues used to determine statutory fees. The statute requires that fees be designed to recover the value of public spectrum put to commercial use. It also provides that fees be assessed on services "for which the licensee directly *or indirectly* receives compensation from a third party in return for transmitting material furnished by such a third party" (excluding commercial advertisements) (emphasis added). This provision would have unjustly enriched licensees without a corresponding public benefit, thereby limiting the amount of fees available to cover the unrealized value of the spectrum, as Congress intended.

Finally, I would have preferred that we not allow broadcasters to transition a signal being broadcast in HD to SD in order to provide an ancillary or supplementary service. In my view that is a derogation of primary (broadcast) services in favor of secondary (ancillary and supplementary) services that would potentially lower the quality of service provided to affected consumers.

My thanks to the staff, particularly in the Media Bureau and Office of General Counsel, for their work on this complex proceeding.